

bill to amend the Internal Revenue Code to allow our educators to deduct educational expenses incurred by them for perfecting their teaching ability.

Last year, the Internal Revenue Service attempted to rescind their practice of al-

lowing these deductions, but as of now, they have revised their proposed rulings. I do not think, however, that their revisions will help encourage our educators one bit, and I believe that our teachers and educators should be allowed full

benefits for their labors and in securing additional education.

I hope this 90th Congress will act early to remedy this situation and encourage the educators of this country to follow their profession.

HOUSE OF REPRESENTATIVES

WEDNESDAY, JANUARY 11, 1967

The House met at 12 o'clock noon.

The Chaplain, Rev. Edward G. Latch, D.D., prefaced his prayer with these words of Scripture:

Look unto Me, and be ye saved, all the ends of the earth: for I am God, and there is no other.—Isaiah 45: 22.

Spirit of God, arise within our hearts and make us ready for the tasks of this day. Help us to turn our thoughts unto Thee and to open our hearts to Thy spirit that we may always be honest in our dealings, understanding in our endeavors, and loving in our relationships.

From this moment of prayer may there come a power which will carry us through every experience with courage and with faith.

Bless our people with Thy favor, that being mindful of Thy spirit we may live together in peace and good will, and all of us work for the good of all.

May those who walk through the valley of the shadow of death find comfort and strength in Thee. In the name of Christ we pray. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

LETTER TO THE PRESIDENT ON VIETNAM

Mr. RYAN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. RYAN. Mr. Speaker, while Congress was in recess and before the Christmas holidays, 16 of our colleagues joined me in a letter to the President in which we urged the establishment of an extended holiday truce in Vietnam in order to facilitate negotiations for an honorable settlement. I would like to call to the attention of the House the full text of our letter. It follows:

DECEMBER 20, 1966.

President LYNDON B. JOHNSON,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: We note with approval your decision to maintain cease-fires in Vietnam at Christmas and New Year's, and your offer for a 48-hour truce during Tet, the Vietnamese New Year.

We sincerely hope that these brief truces may be extended, and we are pleased to learn that you are considering proposals to accomplish this end.

We wish to add our voices to those of Pope Paul VI and the National Council of Churches in support of an extended cease-

fire. Specifically, we urge you to announce that the United States will agree to a continuous cease-fire, including ground, air, and naval warfare, from December 24 through January 2. If this truce is honored we recommend that you offer to extend it through the Vietnamese New Year which occurs on February 8, in order to facilitate negotiations for an honorable settlement.

We believe that an extended cease-fire in Vietnam might well create an atmosphere in which peace talks can begin and the war can be terminated on an honorable basis.

With best regards,

Sincerely,

JOSEPH P. ADDABBO (D, N.Y.), JONATHAN B. BINGHAM (D, N.Y.), GEORGE E. BROWN, JR. (D, N.Y.), PHILLIP BURTON (D, Calif.), JOHN G. DOW (D, N.Y.), DONALD M. FRASER (D, Minn.), JACOB H. GILBERT (D, N.Y.), SEYMOUR HALPERN (R, N.Y.), HENRY HELSTOSKI (D, N.J.), ROBERT L. LEGGETT (D, Calif.), PATSY T. MINK (D, Hawaii), ADAM C. POWELL (D, N.Y.), THOMAS M. REES (D, Calif.), EDWARD R. ROYBAL (D, Calif.), WILLIAM F. RYAN (D, N.Y.), JAMES H. SCHEUER (D, N.Y.), HERBERT TENZER (D, N.Y.).

ANTI-RIOT LEGISLATION

Mr. ROUSH. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. ROUSH. The anti-riot legislation I have introduced today, is identical to the bill which I submitted in the closing days of last summer. At that time, the bill was prompted by the riots which occurred in a number of our cities during that long, hot summer.

Although hearings were initiated, there was not sufficient time to complete committee studies on this subject.

But the passage of time has not weakened my conviction of the need for such legislation. Instead, I am of the opinion that early action is required so that the Federal Government may be prepared to take steps in the event of any future disturbances such as the ones of 1966 which caused widespread and costly damage to private and public property.

Without doubt, the inciting to riot has been made a crime in every State of our Nation. But in recent years, we have seen indications that certain people move from one State to another with the intention of inciting people to an unlawful course of conduct.

These activities have led to destruction of property, injuries to individuals, and even death. At the very least, we have seen the peace and quiet of neighborhoods disrupted by activities which not only breach, but shatter the right of peaceful assembly.

In my mind there is only one way in which we can deal with these persons

who make it a practice to travel from one section of the Nation to another to stir up trouble by inciting to riot. We must make it possible to deal swiftly and certainly with those who deliberately fan smoldering unrest into uncontrollable conflagrations. It is my judgment that this proposed legislation will provide the means to react promptly and positively against such individuals.

NEED FOR A UNIFORM RELOCATION ACT

Mr. COHELAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. COHELAN. Mr. Speaker, yesterday I reintroduced a bill, which I had sponsored in the last Congress, to establish a fair and uniform policy for the treatment of those forced to relocate because of Federal and federally assisted public improvement programs.

Why is this legislation needed?

The excellent studies made by the Select Subcommittee on Real Property Acquisition, the Advisory Commission on Intergovernmental Relations, and the Senate Subcommittee on Intergovernmental Relations all document the fact that the governmental displacement of persons and businesses is substantial and that in all likelihood it will continue to grow.

For the next several years, at least, Federal and federally assisted programs will require the displacement annually of approximately 111,080 households, 17,860 businesses, and 2,310 farm operations.

The burden of this displacement falls most heavily upon the elderly, the poor, the underprivileged, and the minority groups which increasingly inhabit the neighborhoods of our central cities. For them the frequent absence of adequate housing at prices or rents they can afford is particularly severe.

Another group that bears a heavy burden from displacement is the small businesses that cannot relocate without losing their established patronage. The problem here is most severe for owners, often elderly, of small retail or service establishments that depend primarily on neighborhood trade.

These and other difficulties are compounded by the fact that present Federal provisions for relocation assistance are widely inconsistent, both with regard to scope and amount. It is startling, but true, that one man may receive moving expense payments and advisory assistance while his neighbor, displaced by a different program, receives nothing. The result is that the existence, scope, and

amount of relocation assistance sometimes depends more on the program involved than the loss suffered.

In addition, even in cases where relocation programs exist, they are frequently inadequate. The experience of many residents of my own congressional district with a federally assisted urban mass transportation program, bears out this fact.

In effect, our Federal and federally assisted urban and rural improvement programs commonly present us with a tragic paradox: we want to improve the lives and surroundings of our people and so we push ahead with urban renewal, mass transportation and highways; yet many of those who need to benefit most from those programs actually suffer most. I think we can and must do better.

Mr. Speaker, this legislation, which passed the other body a year ago, would not only provide a uniform relocation assistance policy for all Federal and federally assisted programs, it would make badly needed improvements in the scope and amount of relocation benefits as well.

Taking the urban mass transportation program, for example—and this is important now to several communities in my congressional district and the San Francisco Bay area—the present maximum relocation payment is \$200 for an individual or a family. This legislation would allow a \$200 moving cost, a dislocation allowance up to \$100—\$300 if the displaced person purchases a residence within a year—and an additional sum for closing costs. As an alternative, an individual or a family may elect to receive an administratively determined fair and reasonable sum.

In the case of businesses, the present limit authorized for terminated firms by the mass transit legislation is \$3,000. This bill would give the businessman a choice of, first, reimbursement equal to the cost of moving personal property, or second, a sum equal to his average annual net earnings or \$5,000, whichever is less. In addition, Federal reimbursement for authorized relocation expenses could go to \$25,000, with Federal-State cost sharing above that amount.

The experience of numerous individuals, families, and small businesses in my district indicates that these extensions are both needed and warranted.

Mr. Speaker, I am including an analysis, prepared at my request by the Library of Congress a year ago, which discusses these and other aspects of this uniform relocation assistance legislation. I hope that all Members will take a few minutes to read and consider it.

I introduced this legislation on the first day of this new session because I believe it both deserves and demands the immediate attention of Congress.

This is not a problem that is limited to any one congressional district or area. The fact is that relocation is a serious and growing problem across the United States. The prospects are that displacement will increase in the years ahead. So, too, will the suffering if we do not act to prevent it.

Let us insure that our relocation programs are adequate, that they are characterized by equity and consistency.

This bill, I believe, would enable us to move in that desired direction.

The analysis referred to follows:

THE UNIFORM RELOCATION ACT OF 1966 (S. 1681) SUMMARY, AS PASSED BY THE SENATE JULY 22, 1966, WITH SPECIAL REFERENCE TO ITS EFFECT ON THE MASS TRANSIT PROGRAM (By Elizabeth M. Heidbreder, Analyst in Area Economics and Transportation, Economics Division, September 1, 1966)

I. BACKGROUND

As currently administered, there is no uniform policy regarding relocation payments and assistance to owners, tenants, and other persons displaced by the acquisition of real property in Federal and Federally assisted programs. The General Services Administration and the Post Office Department, for example, do not provide any relocation payments or assistance to persons affected by their programs. Programs administered by the Department of Housing and Urban Development (HUD) (Urban renewal, public housing, and mass transportation) pay substantially more than the highway programs administered by the Bureau of Public Roads under the multi-million dollar highway programs, relocation payments are optional with the States and only 32 States have elected to make payments. Of these, only 22 provide payments up to the level authorized under the highway program, and this level is below the HUD programs. Furthermore, the Federal highway programs provide very little advisory assistance for those displaced by highway projects.

These inconsistencies and injustices are thus substantial and call for legislative action to correct them. S. 1681, the Uniform Relocation Act of 1966, is a legislative attempt to deal with this problem.

The Senate Committee on Government Operations report on S. 1681 was particularly concerned with the inconsistencies of relocation policy. In addition, it listed certain other reasons for the legislation as follows:

1. The governmental displacement of persons and businesses is substantial at present, and all indications are that the rate of displacement will continue to grow. Displacements in the immediate past totaled 85,550 per year, while such displacements in the future will amount to an estimated 132,600 per year.

2. The adverse effects of relocation hit most severely those families and individuals least able to withstand them in terms of income and the ability to find other housing. The elderly, the large family, and nonwhite displacees are particularly affected.

3. Small businesses, particularly those owned and operated by the elderly, are major victims of the relocation process. The Small Business Administration has estimated that by 1972 about 120,000 businesses will have been displaced by urban renewal, and that at the present rate, 3 out of 10 of these firms will be liquidated.

4. Of growing importance in the relocation process is adequate provision for advisory assistance. For the poor, the nonwhite, the elderly, and many small business people, relocation payments are not enough to assure their making an adequate adjustment to a forced move.

5. Present Federal relocation provisions are not only inconsistent and inequitable, but their administration, particularly in the case of business relocation, is too cumbersome. Current requirements for detailed documentation are costly for the public and for the displaced person. Congress has already authorized fixed relocation payments for displaced families or individuals in certain programs. Yet administrative agency practices do not always give the displacee the opportunity to decide whether to accept the fixed payment or to prove his actual cost.

All of these findings, which were based upon extensive studies, supported the need

for new legislation. The Senate Committee on Government Operations reported S. 1681 (with amendments) on July 20, 1966, and it was passed by the Senate on July 22nd.

II. PRINCIPAL PROVISIONS

The Uniform Relocation Act of 1966 has three main sections dealing with (A) Federal Programs; (B) Federally Assisted Programs; and (C) Land Acquisition Policy.

A. Federal programs

The first section deals with programs of real property acquisition which are funded entirely by the Federal Government. This would include programs of the Department of Defense, the General Services Administration, the Post Office Department, and others. Section A also gives the President responsibility for establishing relocation regulations to achieve government-wide uniformity and compliance.

In Federal programs, independent businesses and displaced persons may elect either to receive "fair and reasonable" relocation payments as administratively determined according to the uniform regulations or to accept fixed relocation payments. The amounts of the "fair and reasonable" relocation payment is not set, but the President is to be guided by the fact that \$25,000 is set as the upper limit for the 100 percent Federal share of relocation payments in Federally assisted programs.

Displaced persons who elect to accept fixed payments will receive (1) a moving expense allowance up to \$200; (2) a dislocation allowance not greater than the moving expense allowance or \$100, whichever is the lesser; and (3) an additional payment of \$300 if the displaced person purchases a residence within 1 year from the date of actual displacement; (4) an additional payment for certain reasonable and necessary expenses incurred as a result of the conveyance of his real property to the acquiring Federal agency. The wide variation in these closing costs make it impossible to establish a fixed payment.

A displaced farm operator has the option of accepting a fixed payment of \$1,000 in lieu of reimbursement for his fair and reasonable expenses. This provision is designated primarily to assist the small farm operator.

In addition to the other payments, low-income displaced families, elderly individuals, or handicapped persons for whom public housing units are not available are entitled to monthly payments of not to exceed \$1,000 over two years. Not more than \$500 in the first 12 months and \$500 in the second 12 months shall be available for relocation in "decent, safe, and sanitary housing" of modest standards.

In addition to the relocation payments, Federal agencies are to provide relocation services to displacees and to other persons occupying property adjacent to the real property acquired who have suffered substantial economic injury as a result of the Federal action. These services shall include the assurance that there will be available to displaced homeowners and tenants "decent, safe, and sanitary" housing at prices within their financial means and in areas reasonably accessible to their places of employment. Owners of displaced businesses and displaced farm operators are also to be assisted in reestablishing themselves in suitable locations. Other governmental programs are to be used to minimize hardships to displacees and to assure coordination of relocation activities.

The Housing Act of 1961 authorized the Small Business Administration to make loans on favorable terms to displaced business concerns suffering substantial economic injury. The Uniform Relocation Act (section 4d) extends this assistance to any small business concern adversely affected even though not actually displaced.

Another provision of Part A makes it clear that the same requirements for relocation

payments and assistance programs shall apply when a State agency acquires real property for a Federal public improvement project.

B. Federally assisted programs

This part requires that State and local government agencies administering Federally assisted development programs provide certain relocation payments, services, and housing assurances as a condition of payment of Federal funds. These are to follow the stipulations in part A with the added provision that 100 percent Federal reimbursement may be made up to \$25,000 for any displaced person. Above \$25,000, Federal agencies will contribute to the additional cost according to the project's cost-sharing formula.

C. Land acquisition policy

Although the subject of land acquisition policies was considered by the Senate Committee on Government Operations, it was decided that most of the issues were too complicated to deal with along with relocation policies. Only some relatively minor provisions were incorporated into S. 1681 as part C, section 10. Section 10 is similar to section 402 of the Housing and Urban Development Act of 1965 which deals with land acquisition policies administered under Department of Housing and Urban Development programs. These provisions are now applied to all Federal and Federally assisted programs. In the case of Federal development programs, section 10 calls for negotiated purchase of property whenever possible and a 90-day notice before owners and tenants must surrender property. In the case of Federally assisted programs, it requires that both of the above policies shall apply and also requires, in cases where agreement on prices has not been reached, immediate payment of 75 percent of the appraisal value of the property to the owner, with the balance deposited with the court.

III. EFFECT OF S. 1681 ON MASS TRANSIT RELOCATION PROGRAM

Section C concerning land acquisition policy already applies to the mass transit program. This was affected through the Housing and Urban Development Act of 1965. The other provisions concerning relocation payments and assistance would, however, liberalize relocation provisions of the mass transit act.

Presently the maximum relocation payments in the transit program are \$200 (principally moving costs) for an individual or family. The new legislation would allow a \$200 moving cost; a dislocation allowance up to \$100; an additional \$300 if the displaced person purchases a residence within a year; and an additional sum for closing costs. Also, an individual or family may elect to receive an administratively determined "fair and reasonable" sum rather than the relatively fixed sums just mentioned.

As to relocation assistance, the mass transit act requires an adequate relocation program and the provision of decent, safe, and sanitary dwellings for families only; individuals are not covered. Under S. 1681, individuals would also be covered and relocation services would be increased.

In the case of businesses, the \$3,000 maximum authorized for terminated firms by the mass transit legislation would be changed by S. 1681. The businessman would have the choice of (1) reimbursement equal to the cost of moving personal property, or (2) a sum equal to his average annual net earnings or \$5,000, whichever is less.

If a displaced business reestablishes, under the mass transit act a maximum of \$3,000 is placed on the amount payable for loss of property, or moving expenses and loss of property combined. However, a firm may receive up to \$25,000 for certified moving expenses only. No relocations assistance is provided. Under S. 1681, Federal reimburse-

ment for authorized relocation expenses (to be administratively determined) could go to \$25,000. Above \$25,000, there would be Federal-State cost sharing according to the formula of mass transit programs (two-thirds Federal, one-third State). Relocation services would be extended not only to displaced businesses, but to businesses which have suffered economic injury as a result of the transit project. The Small Business Administration is also authorized to make loans on favorable terms to both displaced and economically injured businesses.

Thus, it can be seen that the relocation provisions of the Urban Mass Transportation Act would be substantially extended if S. 1681 were to become law. Up to now, there has not been any substantial construction of mass transit facilities with Federal aid which required relocation payments and assistance. However, San Francisco's new 75-mile rapid transit system will probably cause some dislocation of individuals and businesses, and it is receiving Federal aid. The Department of Housing and Urban Development has just announced approval of a \$13,100,000 capital grant to the San Francisco Bay Area Rapid Transit District which included \$328,000 in relocation funds. As of now, these funds would be administered under the relocation provisions of the Urban Mass Transportation Act of 1964.

UNITED NATIONS ON THRESHOLD OF DISASTER

Mr. WATSON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks, and to include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. WATSON. Mr. Speaker, it is becoming increasingly obvious that the United Nations is on the threshold of disaster. Like its predecessor, the League of Nations, the world organization is guilty of too many fundamental wrongs. The latest wrong represents a compromise with legal principles in the decision to impose economic sanctions against Rhodesia.

The decision by the U.N. to impose its will on a small independent nation reflects a flagrant violation of the very charter of that organization which is explicit against the interference in the internal affairs of a sovereign country.

As the smokescreen begins to lift from the Rhodesian situation, the U.N. emerges as a child who has been caught with his hand in the cookie jar. The U.N.'s role in a subtle and well organized propaganda attempt to declare Rhodesia a threat to world peace is too preposterous for its most ardent supporters to believe. And yet, with threats to world peace coming from the majority of the nations in Africa, one of the most stable governments in the world has been cited as a "threat to the peace." It has been said that if you tell a lie long enough, you will begin to believe it. The U.N. may convince itself in time that the Rhodesian decision was legally correct, but citizens from all nations who believe in honesty and fairplay can only be nauseated when the U.N. attempts to justify the sanctions on moral grounds.

Mr. Speaker, my office has been flooded with correspondence from irate citizens who are simply appalled, not only about

the U.N. decision, but the willingness of our Government to support this exercise in hypocrisy.

It is not difficult to determine why Great Britain sought the assistance of the U.N. to bring Rhodesia to its knees. The government of Prime Minister Wilson had no real choice but to turn to the U.N. after it failed to bully Rhodesia into giving up her independence. It would appear that with a minimum of statesmanship and diplomacy, Wilson's government could have negotiated a settlement with Rhodesia. However, Wilson thrust his failures in the lap of the U.N. and the result was to draw the U.N. into an operation of sheer folly.

The real irony of this deplorable situation is that the United States gave its full support to Wilson's move and the subsequent imposition of the economic sanctions. This support came at a time when it was evident that the British Government was prepared to back a deal by a British concern to sell a \$28 million fertilizer plant to Communist Cuba, a sworn enemy of the United States. And of course the British Government continues, despite our protests, to trade with the Communist government of North Vietnam, which at this very moment is locked in a mortal struggle with this Nation.

How long must it be before our Government stands up for what is right? Must we always accept this hypocritical double standard? The voices of commonsense cry out for an end to this international double dealing. No diplomat could possibly argue with a straight face that tiny Rhodesia is a threat to world peace, and yet Americans must stand by while economic sanctions are levied against a sovereign nation who supports our policy in Vietnam while the perpetrator of those sanctions, Great Britain, lends no support to our efforts in Vietnam, and actually trades with the enemy.

The implications of the Rhodesian situation are indeed grave and could have repercussions throughout the world. There are growing indications that Africa might well become the future battleground for the forces of the Western World and communism. The newly emerging nations of that continent have clearly indicated that a break with the West is an invitation to disaster. And disaster is imminent in Africa today. Governments in Africa topple almost daily as a result of the lack of stability so characteristic of Western governments. The Government of Rhodesia is pro-Western and it has demonstrated amazing economic and political stability. The loss of that Government to African reactionism could set off a chain reaction that would dwarf any failure in southeast Asia.

It is the duty of Congress to act in the best interests of this Nation and in the name of world peace. We must decide immediately to condemn the arbitrary and illegal sanctions imposed by the U.N. on Rhodesia. To this end, I am today introducing a resolution condemning the action by the U.N. against Rhodesia. The resolution is for fairplay and justice. It is not intended as a vendetta against the U.N. But, I feel

that Congress can and must do its part to correct this inequity. To do less would be a compromise with the principles of justice.

INTERPARLIAMENTARY UNION

Mr. PIRNIE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. PIRNIE. Mr. Speaker, I take this time, at the direction of the President of the U.S. group of the Interparliamentary Union, Senator HERMAN TALMADGE, and as its vice president, to announce to my colleagues that the meeting for the election of officers for the U.S. group of the Interparliamentary Union for the 90th Congress will take place on Monday, January 16, 1967, in Senate reception room S-203, from 10 a.m. until noon; at which time other business will be transacted.

Mr. Speaker, I yield back the balance of my time.

NFFE TAKES STRONG STAND ON HATCH ACT

Mr. NELSEN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks, and to include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. NELSEN. Mr. Speaker, I wish to draw to the attention of my colleagues an article appearing in the December 1966, issue of the *Federal Employee*. It discusses the "grave concern" of the President of the 60,000-member National Federation of Federal Employees, Nathan T. Wolkomir, over growing political pressures on Federal civil servants for political campaign contributions and over other evidence of failure to observe both the spirit and letter of the Hatch Act.

As a member of the new Commission on Political Activity of Government Personnel, which is slated to reexamine the Hatch Act in forthcoming hearings, I would like the House to be advised of the NFFE's strong defense of the Hatch Act.

I include the article at this point in my remarks:

PRESIDENT WOLKOMIR'S STATEMENT—NFFE'S STRONG STAND ON HATCH ACT WINS NATIONAL ATTENTION

In a statement issued on behalf of the NFFE, President Nathan T. Wolkomir recently expressed our organization's "grave concern" about the growing pressures on career employees for all-out partisan participation in political campaigns and for heavy campaign contributions.

At the same time, he pointed out mounting evidence of violations of the letter or spirit, or both, of the Hatch Act by some AFL-CIO Federal employee union leaders.

The NFFE statement evoked widespread attention in leading news media. President Wolkomir's statement was widely published in print media and also was the subject of

numerous TV and radio news broadcasts. In addition, President Wolkomir was interviewed on the subject by both TV and radio broadcasters, resulting in a broad public attention to this issue, so important to NFFE members and all career Federal employees.

In addition, President Wolkomir and members of the NFFE National Headquarters staff were interviewed at our headquarters by a staff representative in preparation for the in-depth study of the Hatch Act which is to be made by the newly-named commission authorized by the last session of Congress. This commission plans to hold hearings on the Hatch Act beginning in January and the NFFE will make a documented presentation.

In his public statement, President Wolkomir had warned that the commission "undoubtedly" would be put under severe pressure by some groups to recommend critical weakening or even outright repeal of the Hatch Act, which deals with the political activities permitted public employees. He asserted that "the NFFE will oppose with all the power and persuasion at its command any substantial weakening of this vital piece of legislation." He said that there were many indications of Hatch Act infringements in recent months and "More in this election than in almost any since enactment of the Hatch Political Activities Act back in 1939."

"We view recent developments in this area with very grave concern," President Wolkomir declared.

"Violations of the spirit or letter, or both, of the Hatch Act in recent months have been increasingly conspicuous and brazen."

"For example, at conventions of various AFL-CIO Federal employee unions there has been open and heavyhanded solicitation of political campaign funds for a specific candidate or candidates."

"In the Washington, D.C., area, the National President of an AFL-CIO Federal employee union has written a letter of virtual endorsement of a candidate for the House of Representatives, a letter which is being extensively reproduced and used in the hard-fought campaign."

"This open support was given despite the fact that the union is composed of members of all political parties and of none; that its members have given their union officer no mandate to commit the union to the fortunes of any particular candidate and that the union's Constitution emphasizes its non-partisan character and specifically forbids partisan political activity by its officers. Moreover, it is understood that the President of that union is on leave from his Government job, raising a further question of possible Hatch Act violation."

"Furthermore, that union's Department of Defense Council of lodges has formally protested the National President's action and has called upon the Executive Council to repudiate his endorsement. But obviously, the damage already has been done. Other violations of the spirit or letter of the Hatch Act might be cited."

"In some Federal employee union quarters the goal seems to be to tread as close to the line as possible . . . to skirt the edges of violation . . . while in others even more flagrant flouting of the law and nose-thumbing of the Civil Service Commission seems to be finding growing favor."

"The hazards involved in all this should be understood by all career Federal employees."

"Most Federal employees were not in the service before passage of the Hatch Act. But the 50-year old NFFE has a long memory and we are acutely aware of the dangerous pitfalls which lie directly along the pathway which some unions now seem bent on taking their members."

"The Hatch Act was passed because of 100 years of accumulated abuses which had undermined the public service, corrupted it, and victimized its employees."

"Those who oppose the Hatch Act on the wholly specious ground that it makes so-called 'second class citizens' of career Federal employees would soon change their minds if the Hatch Act were repealed or weakened—which is the direction in which we now are trending."

"Federal employees were primary targets of partisan demands at every election. They were relentlessly strong-armed for campaign contributions with quotas for every employee, from the highest to the lowest on the civil service ladder. Few if any escaped. There were, moreover, demands—which had to be met or the job was forfeited—for partisan political errands in support of this or that candidate. You attended your man's rallies, you distributed his literature, you did his political chores, you ponied up for his campaign funds—or you felt the heat and your hold on your job was tenuous whether he won or lost . . . or if you failed to do what your man thought you should do to insure his election or his retention in office."

"The NFFE strongly supported passage of the Hatch Act—as we now oppose its weakening—because we felt that the conditions which it was designed to correct had no place in a career civil service system in a truly democratic society—one in which Federal employees were to serve all the people equally."

"If some Hatch Act restrictions need modification on the basis of experience they should be the subject of careful study by the new commission. But above all care must be taken not to destroy the protections afforded by the act under the guise of 'liberalizations' which in effect will bring a return to past evils."

"It should be noted, too, that Federal employees can exercise plenty of political muscle within the letter and spirit of the Hatch Act."

"Federal employee union members should know who their friends are in Congress and out, and to vote accordingly if they so desire. They can vote to keep their friends in office and they can help to vote out of office politicians who have no interest in a square deal for Federal employees."

"Moreover, unions of Federal employees have a right and indeed a duty to let their members know who are their friends and who are not their friends. But some misguided union leaders are playing directly into the hands of those who wish to take away from career employees the protections afforded by the Hatch Act."

"Career employees have duties and obligations to the whole people of this country. So do their unions. None of these unions has given its leaders the right to speak for them or to commit them politically. Legislation affecting Federal employees is acted upon by legislators of all political persuasions. Unions are made up of members of all political parties. A union leader who ranges his organization on the side of one candidate compromises that union with his opponents, and the difficulty is compounded when the union-endorsed candidate loses. Every member of that union stands to lose as well."

"All career Federal employees should consider these facts before falling for the siren song of unrestrained partisan politics."

"The Federal employee union leader who thinks he can play with this kind of fire and not burn himself and his members is indulging in the veriest kind of political naïveté. He is not being 'practical' and 'pragmatic' but rather he is being used and he and his members will live to regret it."

"Playing around with Hatch Act violations, or near-violations, seems to be an exciting game to some bitten by Potomac fever. But the record clearly shows that in that direction lies deep trouble."

"If the present trend is unaltered it could result in radical emasculation of the Hatch Act. That would mean, without any question, a catastrophic setback for the career

civil service system . . . and for every career Federal employee.

"It would quickly and inevitably lead to a return to the wholesale, devastating abuses of past years . . . abuses which brought insistent demands from Congress, from employees, and from the American people for effective remedial action.

"The warning signs are up and flying . . . and they are calling more urgently for attention at this election than at any in many years. Career Federal employees and their leaders will ignore these danger signals at their peril."

DEFEND ME FROM MY FRIENDS

Mr. HALL. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. HALL. Mr. Speaker, many years ago, a Frenchman, upon taking leave of Louis XIV, said:

Defend me from my friends; I can defend myself from my enemies.

Today, America might say the same thing about President Charles de Gaulle. For a friend and ally whose very life as a nation was bought at a very dear cost in American lives during World War II, France under De Gaulle suffers from a case of amnesia. In Vietnam, in NATO, in the ebb and flow of U.S. gold, and in remarks to the rest of the world about U.S. policy, De Gaulle seems determined to build France up by tearing the United States down.

But if France has a short memory in respect to the close ties which have always bound our two countries, she also has a short memory about her own debts and obligations.

She seems to have forgotten her World War I debts to the United States in the amount of over \$7 billion, and is in default on principal and interest payments in the amount of almost \$5 billion.

Since World War II, the United States has granted France gross military and economic aid totalling over \$9 billion.

In spite of these obligations, France, apparently intent upon undermining the U.S. dollar, has, since January 1962, withdrawn \$2,866,900 in gold from the United States.

Therefore, I have today introduced once again, a House concurrent resolution declaring the sense of the Congress that the President should take such steps as may be necessary to require the Republic of France to make full and prompt settlement with respect to past-due amounts—including principal and interest—of its World War I indebtedness to the United States, and such other additional steps as may be necessary to assure full and timely settlement of future installments with regard to such indebtedness.

I hope that hearings on this resolution will be scheduled to put De Gaulle on notice that while his memory may be short, ours is not.

COMPULSORY MILITARY SERVICE READJUSTMENT ASSISTANCE ACT

Mr. DORN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record and to revise and extend my remarks and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. DORN. Mr. Speaker, during the last Congress a so-called Vietnam-era bill was considered in the Congress and approved by the other body. The bill proposed to provide war service veterans' benefits to all who have served in the Armed Forces since the Gulf of Tonkin incident on August 5, 1964.

Mr. Speaker, obviously, the Congress wishes to extend to Vietnam veterans those benefits which are not now available to them, the most important of which are: first, disability compensation at wartime rates under all circumstances; second, pensions for non-service-connected disabilities and deaths; third, burial allowance for expenses of burial; fourth, certain medical care benefits such as drugs and therapeutic devices; and fifth, automobile allowances for the seriously disabled veteran.

The bill approved in the other body in the 89th Congress would accomplish this but it was not satisfactory in every respect. Under the bill, benefits would have been extended to veterans who have served since August 5, 1964, the day of the Gulf of Tonkin incident. Unfortunately, this date excludes many veterans who served in the Armed Forces of the United States during periods of crisis and conflict. The exclusion comes about by reason of the fact that they may not have served or have had sufficient service between dates used to delimit only the major conflicts over the past quarter of a century.

I think we must do better than has been done, heretofore, in establishing criteria for providing veterans those benefits earned by their service. The limitation of the criteria used in the Vietnam era bill of last year is evident when it is realized that casualties in the Vietnam struggle go back well beyond the date of the Gulf of Tonkin incident.

Well over 100 deaths by hostile acts were recorded in Vietnam prior to the Gulf of Tonkin date. The Armed Forces Expeditionary Medal is granted to all those who have served in the Army in Vietnam from July 1, 1958, to the present.

Actually, since the official ending of the Korean conflict, hostile acts have occurred in places such as Berlin, Lebanon, Quemoy and Matsu Islands, Taiwan Strait, Congo, Laos, Cuba, the Dominican Republic, and Thailand. More than 10 periods of service have been designated as campaign or expeditionary service since the official ending of the Korean conflict.

Because of this, the bill which I introduce today to provide war service benefits to veterans not presently eligible, provides that such benefits will be granted to all veterans who serve during periods of compulsory military service. My bill

would establish the eligibility of veterans for war service benefits who have served 90 days or more since the advent of compulsory military service in the United States and who are not presently eligible for such benefits under present law. My bill proposes extending war service benefits to all who shall serve in the Armed Forces during periods of compulsory military service.

Mr. Speaker, much is said of the inequities of the military draft. We must insure that service under a compulsory military service law shall be as equitable as may be possible. However, a basic inequity will persist so long as a minority of Americans must serve the Nation under a compulsory military service law. For this reason the Congress must provide readjustment benefits to those who served during periods covered by such a law and in this way provide recompense in part for those relatively few Americans who share the honor of manning our defenses.

The extension of war service benefits to all who have served during periods of compulsory military service and are not eligible under present law would provide benefits for millions of veterans.

I urge my colleagues to support this bill. Military service is an honor and a duty. Those who are required to perform that duty during periods of crisis and conflict are entitled to receive those readjustment benefits that this Nation has approved as a partial recompense for the service that a few have performed for the many.

STATEMENT INTRODUCING VFW PENSION BILL

Mr. DORN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record and to revise and extend my remarks and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. DORN. Mr. Speaker, during the closing days of the 89th Congress a pension bill increasing benefits for 1.9 million veterans, widows, and children was approved by the House but, unfortunately, failed of consideration in the other body.

This failure to act must be corrected as early as possible in the current session and to this end, I am today introducing a pension bill providing cost-of-living increases for veterans, veterans with dependents, widows, widows with children, and children who are presently receiving a pension under Public Law 86-211.

The bill provides improvements which will result in increased payments apart from the cost-of-living increases provided in the bill. These changes are designed to provide needed increases in pensions for widows and widows with children. My bill also provides payment of \$50 additional per month for widows who are in need of aid and attendance. It also provides that every veteran will be judged to have permanent and total disability for pension purposes at age 65.

The bill provides a needed monthly rate increase for Spanish-American War

widows who number approximately 56,000 and whose average age is 84 years.

A major improvement in the pension system is provided by \$200 increases in the income limitations which govern the amount of pensions paid to veterans and other eligibles. The increases in income limitations will be required to compensate for social security increases proposed for consideration by the present Congress. Failure to raise income limitations mitigates against VA pensioners when social security increases are made.

I hope that my colleagues here in the House will act with dispatch to pass this pension bill, which is essentially the same as that approved in the House several months ago, and that the other body will see fit to approve the measure without delay.

Increases in cost-of-living payments are imperative to improve the precarious situation facing many veterans and their widows and children. I am sure my colleagues here in the House appreciate that pensions which are to be increased by this bill are at a mere subsistence level and it is, therefore, vital that the cost-of-living increases provided under the bill be made effective at the earliest possible date.

I recommend this pension bill and urge quick and favorable action.

THE LATE RABBI MORRIS TELLER

Mr. O'HARA of Illinois. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks, and to include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. O'HARA of Illinois. Mr. Speaker, it is my sad duty to announce to the House the death on November 26, 1966, of Rabbi Morris Teller, who served as Chaplain of the House of Representatives of the Congress of the United States on Monday, August 9, 1954, and who from 1933 to 1957 was the spiritual leader of the South Side Hebrew Congregation, 7359 Chappel Avenue, Chicago, in the district I have the honor to represent.

Rabbi Teller was one of my dearest friends. He was the gentlest of men and his human understanding was limitless. He was a master of the written and the spoken word. His passing is a blow to Chicago and especially the South Side community to which he contributed so vastly from his wealth of spiritual values.

Mr. Speaker, on this the opening week of the 90th Congress I am extending my remarks to include the prayer offered in this Chamber on August 9, 1954, by Rabbi Morris Teller, as follows:

Our Heavenly Father, in these soul-stirring times we need Thy guidance and Thy blessing. Serious is the challenge that freedom-loving America faces. We seek peace but we must muster all available forces to safeguard life and liberty from possible onslaughts of godless, ruthless, unprincipled aggressors. We must develop superior military might and diplomatic dexterity. But we must also be filled with Thy holy spirit. To win friends among wavering nations and to influence those that are on our side to continue to side with us we must manifest by our own right-

eous conduct the superiority of the American way of thinking and living.

Bless Thou our glorious land, our leaders and representatives. Endow them with insight and foresight, religious faith, and moral fortitude. May America under God remain a citadel of freedom and a watchtower from which rays of light and hope shall be beamed to those who are now living in darkness and despair.

Hasten the day when the millennial hope of universal, lasting peace will prevail throughout the world with justice and freedom for all people. Amen.

Rabbi Teller, born in Philadelphia, was graduated from the University of Pennsylvania and the Jewish Theological Seminary. He also did postgraduate work at the University of Chicago's Divinity School.

Before going to the South Side Hebrew Congregation he was a rabbi in Tulsa, Okla., and a B'Nai Bezelel in Chicago.

In 1954 he was chosen to open Congress with a prayer. In 1956 he received the Golden Age Hall of Fame citation from the Jewish Community Center of Chicago.

Rabbi Teller was former president of the Allied Jewish School Board, the Chicago Rabbinical Association, the Chicago Region Rabbinical Assembly of America, and the South Shore Ministerial Association.

He was a member of Zionist Organizations of America, B'nai B'rith, the South Shore Commission, and the Masons.

He leaves his widow, Nellie, and a son, Sheldon.

BIRTHDAY SALUTATION TO REPUBLIC OF CHAD

Mr. O'HARA of Illinois. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and to revise and extend my remarks and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. O'HARA of Illinois. Mr. Speaker, as chairman of the African Subcommittee of the Committee on Foreign Affairs, I take pleasure once again in extending good wishes to the people of the Republic of Chad who celebrate their independence day on January 11.

Chad is one of the former French territories which since becoming independent in 1960 have bravely struggled against extreme economic and social difficulties. While still dependent upon assistance from France and the European Economic Community, many of these countries have exercised responsible leadership on the international scene, including playing an active and constructive role in the United Nations. The United States welcomes the friendship of these nations and appreciates the support and understanding they have given our policies. We on our part are aiding them in their courageous efforts toward development.

On the occasion of Chad's anniversary celebration let us express our admiration for the millions of people throughout Africa who are demonstrating, with their daily hard work, how much their inde-

pendence means to them. We wish them peaceful progress toward a happy and prosperous life.

On behalf of the Congress of the United States, I extend good wishes to President Francois Tombalbaye, of Chad, and warm personal greetings to Chad's Ambassador to the United States, His Excellency Boukar Abdoul.

THE PRESIDENT'S MESSAGE

Mr. ALBERT. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. ALBERT. Mr. Speaker, the President is to be commended on the forceful state of the Union address he delivered last night. I know all Members and indeed, all Americans applaud his determination that the American people shall not be found wanting at this crucial point in the history of our Nation and the world.

The President last evening pointed the way for us in this Congress. He has told us of his resolve that we shall meet our commitments at home and abroad. I believe that this is also a resolve that most Americans share.

As the President recommends, there are programs to be improved and strengthened. This I trust will be done. There are new suggestions, ideas and policies to be debated and discussed. I am confident this will be done.

The President has set before us a challenging program. It is a program I believe the American people want and need. The Congress should endorse and support his efforts to improve the poverty program, to increase social security benefits and improve the social security program, to continue the effort we have made to control air pollution, to bring about election reform, and to continue our attack on crime. I am sure the Congress will meet its responsibility in giving the most careful and urgent attention to the President's proposal for a temporary surcharge on corporate and individual income taxes to better enable us to properly meet the needs of our people at home while carrying on our great burden in Vietnam.

Mr. Speaker, I congratulate the President on his great message. I hope the House of Representatives will act quickly on these proposals so vital to the American people.

Mr. ARENDS. Mr. Speaker, will the gentleman yield?

Mr. ALBERT. I yield to the gentleman.

Mr. ARENDS. I wonder if the majority leader can tell us about the program for the balance of this week, if he has anything in mind or if we are going to meet tomorrow and adjourn over or whatever the situation may be.

Mr. ALBERT. So far as I know that is the situation; it is planned to meet only for the purpose of adjourning over to meet on Monday.

Mr. ARENDS. I thank the gentleman from Oklahoma.

SAN FELIPE DIVISION, CENTRAL VALLEY PROJECT

Mr. GUBSER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. GUBSER. Mr. Speaker, yesterday I introduced legislation to authorize Federal construction of San Felipe division of the Central Valley project. I have been joined in sponsoring this project by three of my California colleagues, the Honorable B. F. SISK, the Honorable DON EDWARDS, and the Honorable BURT TALCOTT.

This proposed division has had long and careful study by the Federal Bureau of Reclamation under the authority of a bill sponsored by our late colleague, the Honorable Clair Engle and me. Cost of the study has been shared equally by the Federal Government and a local public agency. It has been cleared by all levels of government including the White House and the Budget Bureau.

When completed the project will feature a 10.3-mile tunnel which will take water from the San Luis Dam and divert it across a part of the coastal range to four counties of central California. Approximately 2 miles of the tunnel have already been completed under authorization of the San Luis project since it would have been virtually impossible to construct the inlet and first reaches of the tunnel once the San Luis Dam was filled.

In introducing this bill we recognize that the legislation does not in its present form address itself to the difficult problem of how to apply the acreage limitation provisions of reclamation law to this project where much of the project water is to be percolated underground and commingled with non-Federal ground water resources. We believe the matter should be fully considered by the Interior and Insular Affairs Committee in the course of its hearings. Some guideline for the application of excess lands provisions to the unique physical situation of the San Felipe division should be developed and provided the Department of the Interior, and the committee under the able leadership of the gentleman from Colorado, Chairman WAYNE ASPINALL, is best qualified to develop it.

MILWAUKEE JEWISH CONFERENCE ON SOVIET JEWRY

Mr. LAIRD. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. LAIRD. Mr. Speaker, on December 11, 1966, in Milwaukee, Wis., the Milwaukee Conference on Soviet Jewry held a mass protest rally to express their strong protest against the discriminations leveled at the Jewish community of the Soviet Union. A resolution was

unanimously approved calling upon our Government to exert its effort and influence to bring about an amelioration of the plight of Soviet Jewry.

Under unanimous consent, I include the resolution in the RECORD at this point.

The full text of the resolution follows:

RESOLUTION OF THE MILWAUKEE JEWISH CONFERENCE ON SOVIET JEWRY MASS PROTEST RALLY, DECEMBER 11, 1966, MILWAUKEE, WIS.

Whereas, three million Jews in the U.S.S.R. are threatened with spiritual and cultural extinction because of the denial of their rights to develop a religious, cultural and community life; and

Whereas, there has been an official use of anti-Semitism to scapegoat Jews for the social and economic ills of the U.S.S.R.; and

Whereas, it has been the policy of the U.S.S.R. to refuse to allow the reunification of Jewish families torn by the Nazi holocaust; and

Whereas, Jews have been denied equality with citizens of other religions and nationalities in the U.S.S.R.; Now, therefore,

Be it Resolved: That we, the representatives of the Milwaukee Jewish Community, assembled here today, call upon the government of the United States to urge the government of the U.S.S.R. to permit fully the free exercise of religion and the pursuit of culture by Jews, and all others, within its borders.

AMENDMENT TO THE IMMIGRATION AND NATIONALITY ACT

Mr. DUNCAN. Mr. Speaker, I ask unanimous consent that the gentleman from Missouri [Mr. CURTIS] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. CURTIS. Mr. Speaker, I am today reintroducing two bills, one of general application and the other a private bill dealing with our immigration laws. Both of these proposals act in the field of the waiver of the 2-year foreign residence requirement for those who are in this country as exchange visitors.

I agree with the basic philosophy of our exchange program; namely, that visitors who come to this country as exchange students are here to learn a skill which they can take back to their home country for the use of that country and its people. I believe it would undermine this important program if we were to be too liberal in allowing those who have come to this country to remain here and thus to deprive their native countries of their talents. Nevertheless, this should not be an inflexible rule and, indeed, some exceptions to it have been developed. There are exceptions in two specific areas, one where the 2-year foreign residence would create an extreme hardship on a citizen of this country or an alien here on a permanent resident visa and the second is in the case in which some governmental agency will sponsor the specific individual because of their need of him in the agency's work.

What I am suggesting today in my general law is that a further area of exception be recognized. Basically it would permit those who have come to this country as exchange visitors to remain here

without having to reside in a foreign country for 2 years when, due to a change in their home country, it would be dangerous or impossible for them to return. Perhaps the best example of this would be in the case of an exchange student in this country from Cuba at the time of the rise of Castro to power in that country. To order one outspokenly anti-Communist to return home in such a circumstance might mean his death. As the law presently reads it does not require that the exchange visitor return to his native country for this 2 years of foreign residence. It permits him to go to any other cooperating country in the program. The theory of the exchange program is to permit the native country to benefit by the training given one of its citizens. I do not believe that it would be harmful to our program of exchange education if we were to say that when the person cannot return to his native country he will not be forced to go to some third country where he has no roots simply because we feel that our exchange program is better served by helping his native land. When these visitors cannot return to the country of which they are citizens and their skills can be used in this country, I see no reason why we could not retain them in the United States to benefit by the training which they have had.

DR. LEO HSUEH

Mr. DUNCAN. Mr. Speaker, I ask unanimous consent that the gentleman from Missouri [Mr. CURTIS] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. CURTIS. Mr. Speaker, the second bill I am reintroducing is one which fits into the general principle of my proposal to amend the present Immigration and Nationality Act regarding the waiver of the 2-year foreign residence requirement in certain hardship cases such as that of Dr. Leo Hsueh.

Dr. Hsueh is a native of China, who fled from the Chinese mainland at the time of the Communist takeover of that country. Since that time, Dr. Hsueh has been traveling throughout the world—with roots in no land. He came to this country on an exchange program from West Germany. He has no country to which he could return. This is one example in which I believe the general policy which I have mentioned previously today could well be applicable. There are others and I have sponsored private legislation for a number of these individuals. However, I believe that it would be wiser to make a general exception in this area and leave determination in the individual cases to the proper administering authorities.

GOV. CHRISTIAN A. HERTER, FIRST SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS

Mr. DUNCAN. Mr. Speaker, I ask unanimous consent that the gentleman from Missouri [Mr. CURTIS] may extend

his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. CURTIS. Mr. Speaker, his absolute integrity and insistence on scholarship, regardless of its outcome or whom it affected, were among the qualities Gov. Christian A. Herter brought to his post as the first special representative for trade negotiations of the President of the United States. When Governor Herter died on December 30, 1966, the Nation lost one of its leading statesmen.

I was privileged to work closely with Governor Herter in my role as congressional delegate for trade negotiations during his tenure as a member of the House of Representatives and as Secretary of State. His contribution in his last appointment was, I believe, perhaps his greatest. His full recognition of the need for an independent trade adviser to the President was complimented by the evolution under his guidance of a new structure of decisionmaking in the trade area, one that utilized the knowledge of American business and labor and will remain as a pattern for the future sound conduct of international economic policy in a world ever more closely interconnected. His capabilities were equal to the demanding task of representing the United States in the extremely difficult and controversial Kennedy round trade negotiations at Geneva, a task which was a considerable personal sacrifice but which he felt he must complete.

Governor Herter represented at its best enlightened, responsible Republican internationalism. His careful use of the substantial powers delegated to him, his steady guidance and statesmanship will be severely missed by the U.S. delegation for trade negotiations in this history-making year in the U.S. reciprocal trade program.

THE POLITICAL ECONOMICS OF 1967

Mr. DUNCAN. Mr. Speaker, I ask unanimous consent that the gentleman from Ohio [Mr. ASHBROOK] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. ASHBROOK. Mr. Speaker, in view of current interest regarding the economic health of the Nation at the present time, I believe the following address by Dr. Pierre A. Rinfret, chairman of the board of directors and head of the economics division of the Lionel D. Edie & Co., Inc., is informative and therefore include it in the RECORD at this point:

THE POLITICAL ECONOMICS OF 1967

(By Dr. Pierre A. Rinfret, chairman of the board of directors and head of the economics division, Lionel D. Edie & Co., Inc., November 1, 1966, Los Angeles, Calif.)

Gentlemen: The year 1966—the balance of this year—and the year 1967 will be more shaped by political and military considerations than by economic considerations. The trend of business, the direction of business, the level of business will be shaped more significantly by political desires and by mili-

tary desires than by pure economic desires. This is one of the reasons I am going to spend some time on what you might call political economics because I think the message is coming through loud and clear about what is happening in this country. I will say this to you in advance. Economic decision in 1967 will be superseded by political decisions. All economic decisions will be secondary to political motivation. This includes the elections this November and, if you might begin to think of it, the elections of the year 1968. Political considerations will dominate over economic considerations.

Today, the Federal Government is acting from three to six months behind the economic facts in the economic moves it makes. I call this the "Relerson Syndrome" after economist Roy Relerson. It is a simple concept which says that the Federal Government will act only after the facts. It reminds me of a simple parallel. The Government is driving a car down the road of the economy watching its rear view mirror, which is the unemployment spectre, rather than looking ahead to the road of inflation which is developing. It is more concerned about what is behind it than it is with what is in front of it. The Relerson Syndrome is not only true of the United States but, much more important, it is true in the United Kingdom today and, rather surprisingly, is becoming significantly true in the country of Germany. And you have the politicians acting after the facts—and after quite a bit of time has passed, rather than in advance. You might say it this way. The enthusiasm for stimulating an expansion is not matched by a willingness to restrain an expansion. We see enthusiasm to stimulate; reluctance to restrain. And I think this is critical.

And this brings me to several basic points. Every day the Federal Government is a more important factor in our daily lives and because of the fact that from a dollar standpoint it gets bigger and bigger and because we are able to see every day of the week that what it does has meaning to us not only as a nation but as individuals, there has been a natural turning toward Washington for economic forecasts. And more and more people look to the Federal Government to say what they think is going to happen in the American economy. I don't know if you realize it but two months ago Mr. Johnson took a very straightforward position on the 1967 economy. He said one fact—that Gross National Product in 1967 will be up \$50 billion over 1966. Now in my book if you are talking \$740 to \$790 that's a 7% increase in the American economy which the President decided last July. This forecast was not made on the basis of economic facts. It was in reality a statement of political position. One of the founders of our company used to tell me "You know, Pierre, no one cries 'rotten fish' on Friday. No one cries anything except expansion prior to an election." And the best example of this, as you may remember, was in the Fall of 1960, when Mr. Nixon was running for Presidency of the United States. In October unemployment in the United States went up 400,000 actual. And Mr. Nixon at that time was asked if the United States was going into a recession and he said "of course not. The United States is in a period of dynamic expansion." There was one little flaw in that. The recession had started in March, 1960, and here he was talking about a recession that wasn't going to come, and in fact, a country that was continuing to expand. What I am saying to you is this: All economic statements by the Administration at this time are statements largely influenced by political belief and not statements of economic analysis.

Now, this brings me to a key subject—not the only one but a critical one. What is the outlook for capital investment in the United States. I've had a lot of fun in the last three or four weeks of dodging, if you will, arrows, barbs, bullets, you name it, on the subject

of capital investment in the United States. As you may know, every September now for fourteen years we've gone out and asked a broad sample of American industry "How much are you going to spend on capital expenditures next year?" We ask them "How much will you spend on capital expenditures next year in the United States and how much will you spend on capital expenditures abroad?" This is the first survey of capital spending and covers roughly 55% of all the dollars actually spent by industry in the United States. We think this is a good sample from a statistical point of view. There has been a lot of talk all over this country by some eminent economists that our survey covers only our clients. Now I'd like to rejoin to that. First of all, that would be a good sample. But, second of all, it is not true. We don't cover only our clients. In fact, you may be amused to know that the companies we have the hardest time getting answers from are our clients. We cover a broad spectrum of American industry. Third of all, this survey is not a forecast. We are reporting to you what industry says to us. Now, if industry is lying, the figures are going to be wrong. But industry doesn't lie. Industry does change its mind. And you know, after all, if economists can change their minds, industry can, too.

Our survey is the first available survey of capital spending in the United States. It's got fifteen months built into it. McGraw-Hill is thirteen months in advance. The American Government does its survey in March for the next nine months and then wonders why they get better results than private industry which does their surveys months earlier. Well, why am I bringing this all out? I am bringing this out to face up to a very simple fact that many people looked at our results for 1967 and either disbelieved them or, if they didn't disbelieve them, immediately began to cast doubt on the validity of the survey. Why are they upset? They are upset for one reason. Capital investment in 1967 according to the results of the survey will be up 3%. In 1966 capital spending was up 17%; in 1965 capital spending was up 15%. Is 3% going to be right? Is it going to be 4% or 5% or 6% or 2%? It could be. Does the survey give you an exact number? No. And anybody that's ever heard me talk over the past six years knows that I've taken that position consistently. What does the survey say? The survey says one critical fact. The boom in capital spending is over. It is finished. Big increases are no longer in the works. It also says it will be very hard for American industry to raise capital investment beyond the first quarter of 1967. If you take a 3% increase over this year's figure of \$61 billion—3% would give you \$63 billion for next year and the first quarter of 1967 will be \$64½ billion. So either you are going down by quarters in 1967 or, as a minimum, you will stabilize. And this means the boom is over. And I think this is critical. It is not realized in the United States that in fact the last four years have been carried by the capital expenditure sector. Let me make one point to you. You take the Index of Industrial Production for capital goods. You take it in 1961 in mid-year. It was 110. In the middle of 1966 it was 185, a seventy-five percentage point expansion from 1961 to 1966 in five years. Seventy-five per cent in the production of capital goods in five years.

Now you've got to admit that's pretty good. Consumer goods in the same period went from 110 to 145—a thirty-five percentage point expansion. What has not been realized is that the American boom since 1961 has been primarily the result of a boom in capital investment. And in particular the last two years have hinged on this critical area. And I am very simple-minded. If the boom in capital investment is over, the implication is clear that the resounding boom for the entire American economy in fact is over. The rate of growth is going to slow down. The

acceleration is coming to a close. We are entering a stabilization period in this key area. Now one of the interesting things about this is that this is not only true for the United States but is also true for Europe, particularly the United Kingdom and Germany. I will let you read the implications into the money market situation. If investment is dropping in the three critical industrial countries simultaneously, I think what it means for the money markets is obvious. But it means something else. Here's what's interesting about the United Kingdom. They've got a Relerson Syndrome which is unbelievable.

Here's what the "Economist" says about the Relerson Syndrome for the United Kingdom. "The real tragedy is that the downturn seems to be concentrated most heavily on the capital investment that the country needs the most. This is an exercise in debilitation, not in economic restraint." And on Germany the "Economist" says the latest surveys in Germany raise the question whether the trend toward slightly greater toughness in Germany's fiscal policy may not be about to take effect at the wrong time. The United Kingdom squeezed after the fact, Germany squeezed after the fact, and I will take a wager that there is a high likelihood that the United States will impose a tax increase in 1967 to stop the boom of 1966. And I'm dead serious. And if they do, if we get a tax increase in 1967, I will take wagers from you that it will come right out of capital investment and, in fact, it will squeeze the economy with a vengeance and I would, in fact, lower our own economic sights on 1967 if there is a corporate tax increase. It is interesting that no one talks about stopping consumption. Oh no! You stop investment. After all, you get more productivity out of consumption. You don't get anything out of investment. (Quote end quote.)

And we will, in fact, take it right out of investment and we won't take it out of consumption. And if that's what happens, I take a very simple position. A tax increase in 1967 would turn us more bearish on the economy of 1967. What are some of the reasons that they're talking about a tax increase now? Why did the Undersecretary of the Treasury last night allude to the fact that we may need a tax increase. You may be interested in some of the ideas that are circulating these days. They are rather intriguing. One: Raise taxes now so you can lower them just as much in the Fall of 1967 as you move into the 1968 election campaign. Two: If you raise them now, you have greater leeway at a later date to raise government spending. So what I'm saying to you, and I'm not being vicious or sarcastic, I'm saying the economics are being subverted to political considerations.

Now, let's go to another important area. Let's talk about the critical area which as no one knows much about including the Secretary of Defense, namely, the subject of government spending for defense. This is a fascinating subject. You know, they think economists are bad forecasters. I want to tell you we'll stand up to anybody in the Department of Defense. There are two combatants in the United States right now. There is the Secretary of Defense and then there is a Senator called Stennis. And Senator Stennis doesn't like Secretary of Defense MacNamara. To say the least, Senator Stennis last September said defense spending in 1966 calendar year would be up \$10 billion. And, after all, the Secretary of Defense is a computer man and he knew better. He said it would be up \$2 billion. Now you know who was right. The politician was right and the Secretary of Defense was wrong. You may remember we had a joke. We said what does an economist do when the Senator who was in charge of the appropriations says plus \$10 billion, the Secretary said plus two—ten and two are twelve, you divide by two, defense is going up \$6 billion. So the fact of the matter is,

of course, it actually will have gone up \$10 billion this year. The Secretary of Defense now says the Vietnamese spending, in fact, will not rise as rapidly in the future as it has in the past.

Well, I believe in following the track record. If we may be permitted a plug—you know, if you find a good investment counsel you stick with him. If he isn't any good, you know what to do with him. If you find a good forecaster for defense, you stick with him. The Senator is the best defense forecaster in the United States. And he says defense is going up to \$10 to \$12 billion. He says we'll put 500,000 troops in Vietnam by mid '67; 600,000 troops by the end of 1967. And, incidentally, he said there are not 328,000 troops in Vietnam right now. There are 380,000. And you ask where's the difference? Secretary of Defense says 328,000; Senator Stennis says 380,000. The answer is that the Senator includes 60,000 troops in the Navy and you have to admit if you're in the Navy you want to be included. At least you think you're part of the action! So I believe the Senator. And I'm going to ride with the Senator and that's my war assumption. But not only is defense spending going up. While the Federal Government is calling for restraints in all sectors it, of course, heroically marches on to increase Federal spending for essential and non-essential programs.

Did you know that Mrs. Johnson's beautification program costs us \$100 million a year for shrubbery? You ought to go in the gardening business—I mean this seriously. We are spending at the annual rate—Federal spending for defense in the GNP accounts this year will be up \$10 billion; non-defense will be up \$4 billion in the Government; and, of course, the State and local will be up approximately \$6 billion. That's a small increase of \$20 billion in government spending. In 1967 it will probably be something like \$12 billion, \$6 billion and \$6 billion which will give you something, if my numbers are right, of about \$24 billion more. That is in my government spending forecast. This leaves us with two offsetting sectors. You have government spending like crazy and you have private capital investments stabilizing to possibly going down.

And let's look at the other areas of capital investment. I won't get into a long tirade on what's going on in housing but I'll merely say one thing to you. If you think housing has gone down, you ain't seen nothing yet! We think that the rate of housing starts which is currently running around 1,075,000 will between now and next July at some month get down to as low as a 600,000 to 700,000 annual rate. Who's got any money for mortgages these days? You name me an insurance company that is committing big money in the private home building market. The same is true of savings and loan companies. This means that the basic source of money to the mortgage market is, in fact, drying up. And housing will cool down with it and so will the demand for consumer durable goods. What's a house? You know, I tease my wife. A house is a nagging wife and two screaming kids. But a house is many other things. A house to an economist is not four walls. It's four walls, heating, air conditioning, a refrigerator, a dish washer, a washing machine, an oven and a stove. A house is four or more appliances. And when you pull down housing you pull down behind it the demand for consumer durable goods. And the worst in housing is not yet finished and it will bring down the demand for appliances which is a critical sector of the American economy. Construction peaked out in March of this year; it's going down and it's pulling down one sector after another. It's interesting. Housing goes down, construction goes down, the demand for construction equipment goes down. You get a chain reaction.

You are seeing a rather interesting phenomenon in the American economy today.

You are seeing the civilian side progressively weakened while government spending is increased. And it's rather surprising how true that is. Let me read you some very simple numbers and they tell the story beautifully. In the first quarter of 1966, the Gross National Product went up \$17 billion. Government spending accounted for \$3.8 billion. So of the increase in the total economy, 23% of the increase came from the government. In the third quarter of 1966, the Gross National Product increased approximately \$13.7 billion—the government accounted for \$6.3 billion, or 46% of the increase. Put it simply—first quarter of the year the government accounted for a quarter of the increase. The third quarter of the year, a half. And this shows you progressively how, in fact, the civilian sector is contributing less and less and less to the economic expansion under way. And if you look at your Lead Indicators, you'll be surprised to find out that about 75% of them have either been turning down for five to six months or are now beginning to turn. So the civilian sector is weakening.

And this brings me to the consumer and this is the area that, of course, as you well know, I've had a lot of fun with this in the past. I call it the "God Bless Them" area because they have never done the wrong thing. The American consumer really is the hero of economic performance in the last twenty years. In 1954 when everybody was bearish, he turned bullish. In 1958 he was bullish. He has led the American economy out of every recession. Today the consumer tells us he is worried. If you look, there is an Index of Consumer Sentiment which is put out by the University of Michigan and this Index of Consumer Sentiment is very valuable. It is very accurate. The Index of Consumer Sentiment went down in 1953, it went down in 1957, and it went down in 1960. It has preceded every post war economic downturn in the United States. The Index of Consumer Sentiment reached a peak in August, 1965, and is now 12% below where it was in August, 1965. The consumer has turned bearish. What is he bearish on? Is he bearish on total spending? No. He always spends 95% of his income. I'm told that half of all marriages are women and you know they like to spend money. But the consumer doesn't spend money on consumer durable goods if he's bearish.

You know, everybody says automobiles are down because of safety. My answer is who puts on a seat belt? And I'm dead serious. If you look at the decline in the Index of Consumer Sentiment since last August you will get a line paralleling the decline in automobile buying. And this is where it is hitting. And now you see what I'm driving at. In business capital investment, you will have stabilization to down. In the consumer durable goods sector which is another major critical area the consumer has turned bearish. He is not increasing his spending—certainly not with his income—and I think the chances are it will go down. And you have as the main prop under the American economy today government spending and government spending only. If you look at the Lead Indicators, they are weakening. If you look at construction, it is going down. Housing is one of our key lead barometers. It's going down. And you have a rather paradoxical situation, therefore, that the American economy in 1967, in fact, will be shaped by politics and military considerations and not by what the civilian sector is doing.

This means two things to me. First, it means if government spending goes up more than we are talking about, we're going to be wrong in our economic position. If they don't spend \$12 billion more for defense but spend fifteen or twenty, then there's going to be a bigger prop under the economy and our position will be wrong—no two ways about it. Now that's a hedge I can drive a

truck through and I am doing it on purpose. But if they don't raise government spending this much the American economy, in fact, will soften that much quicker. So when you look at the American economy in 1967, we take a very simple position. The expansion in the major national accounts, the Gross National Product, the Index of Industrial Production will continue without interruption through the first quarter of 1967. It will begin to stabilize in the second quarter and we will turn down in the third and fourth quarters of the year. We think the GNP accounts will, in fact, stabilize in the second, third and fourth quarters, that they will grow approximately 4-5% of which a minimum of 3% will be prices; that the Index of Industrial Production between the two years will be approximately equal but will turn down in the second half of the year and we will go from a peak rate of around 162 on the Index down to around 152/154 by the fourth quarter of the year.

In other words, what we're saying is that we, in fact, think the American economy is close to a peak and that that peak will come in the first or second quarters and production will begin a decline in the latter half of the year. Do we think it is going to be a severe downturn? No. Do we think it will be as mild as 1960/61? Will it be like 1957/58? No. It will be between the two. It will be enough to be noticed and enough to be noticeable. It, in fact, will be a paradoxical downturn. One of the things that concerns us the most is that we are likely to have a recession with inflation continuing. And we think the odds on that are extremely high. I think there is one thing about the American economy of 1967, and those of you who know Edle & Company and know me, know that we've never hesitated to be bullish. Well, I think candidly the key word for the year 1967 on the economic performance is caution. Caution and care. I think there are ten major uncertainties developing in the United States. And I think they are critical. First is the uncertainty of war because I don't think even Senator Stennis really knows what's going to happen. Nobody does. It could escalate. It could de-escalate. No one knows. But it is a major uncertainty and that uncertainty of war will have a powerful impact on our economy.

There is the question of continuing inflation of 3-4% a year with a downturn. And I think this is what we are going to get. Third, there is the question of wage increases of at least 6% per year in major contracts for the next three years. I am willing to take bets on that one. American labor stood too long while profits increased 45% in the past three years. Fourth, there is the question of the settlement of the war. What will the American economy do if Vietnam, in fact, is very quickly settled. I think the answer is very simple. It will come down very fast. In fact, the economy will go into a downturn much earlier. There is a continuing question of the balance of payments deficit. Have you read that the third quarter balance of payments is in very good shape? I am not going to argue about the numbers. I will just say what my French friends say that there are many ways to calculate the balance of payments. We have a new note in the United States. I don't know if you are familiar with this. A 366 day government note to foreign borrowers which now makes it long term investment because it's one day longer than short term. I think there is pressure on capitalism as you and I know it and I am dead serious about this. I think in the year 1967 one of the key facts may be the abandonment of capitalism for higher taxes for more government spending and to settling wages by forcing industry to give in. I think the G.E. situation is extremely symbolic and I think profits are going to be the scapegoat.

Seven, we are facing the rather peculiar paradox of simultaneous softening of de-

mand for heavy industry all over the world in the key industrial countries. How far the downturn in the U.K. is going to go is a very moot question. If you don't think it's going to affect us, just watch our exports. Eight, there will remain, nevertheless, a continuing shortage of money and funds. The heyday of easy money is over. You know, I asked my banker friends a simple question. What have you got to sell next? And you have got to admit the portfolios are not bulging with assets to sell these days. Nine, a softening in the consumer demand for durable goods. Not in total spending but in the hard goods area. And tenth, the development of European socialism. This means more and more government, higher and higher wages, higher and higher prices and consistently declining profits and profit margins. I think candidly these are the rather startling and perhaps surprising ten major uncertainties we are facing for which there are really no clear-cut answers. This is why I say to you that I think the United States, in fact, is facing a very substantial period of uncertainty.

Now, let me end it with a, if you will, philosophical note. You know and I know that in the last twenty years the biggest mistake that you could make was to sell the American economy short. You may have heard me kid and say "don't ever sell the dollar short, either." The American economy may temporarily weaken in the short run and turn down and be very disappointing as in 1957/58. A rather severe cut in the economy worried a lot of people; came back in '59; went down in '60 and we then went into a major expansion wave. I think we are in for a short down cycle. How long it will last I don't claim to know. Maybe a good guess is nine months—I don't know. I do know this: that if one realizes that in 1968 there'll be Presidential elections, I suggest to you that the stimuli provided the American economy in the Fall of 1967 will be shocking. You probably will not get the 7% tax credit renewed. It will probably be 15% and I'm dead serious. If it takes a tax cut to revitalize, there will be a tax cut. If it takes more government spending, there will be more government spending. Whether a downturn or not can be avoided I think is a moot question. If there is a tax increase, there will be a downturn, and if there is a downturn as sure as "b" follows "a" there will be stimuli provided to the American economy to expand once again. And this reminds me of a thing that I'm very proud of. I have a sailboat which I call "Endymion". Now you don't know where the phrase "Endymion" comes from because I looked it up and you haven't recently. It comes from a poem by a man named John Keats who wrote the poem called "Endymion". The first line is what I think the American economy basically and fundamentally is ultimately, namely, "a thing of beauty is a joy forever."

I thank you very much.

ECONOMISTS LOOK AT SOCIAL SECURITY

Mr. DUNCAN. Mr. Speaker, I ask unanimous consent that the gentleman from Ohio [Mr. ASHBROOK] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. ASHBROOK. Mr. Speaker, an excellent article was carried in the Wall Street Journal of December 20, 1966, which I commend to the Members of this body. It concerns the appraisal of the social security system by two economists.

It is food for thought and is very compelling reading.

I include the article at this point in my remarks:

VOLUNTARY SOCIAL SECURITY—TWO ECONOMISTS OFFER AN ALTERNATIVE TO OUR COMPULSORY, COSTLY AND UNSOUND SYSTEM

(By James M. Buchanan and Colin D. Campbell)

(Professor Buchanan, the author of several books on public finance and debt policy, is chairman of the department of economics at the University of Virginia. Professor Campbell, who has made an extensive study of Social Security costs and benefits, is a member of the economics faculty of Dartmouth College.)

The Social Security system in the United States is compulsory, costly and commercially unsound. Are these characteristics necessarily descriptive of a comprehensive national pension scheme? Or is it possible through moderate institutional changes to convert the whole system into one that is voluntary, less costly to contributors, and commercially (actuarially) sound? We shall show that such changes are possible, and we shall indicate specific steps designed to accomplish this transformation.

Can individuals be allowed to withdraw voluntarily from the system? Before he became a candidate for President in 1964, Barry Goldwater suggested that individuals should be allowed this option, provided that they present evidence indicating purchase of adequate private retirement protection. This proposal seemed plausible enough; such an option widens the range of individual choices, a desideratum for any free society. It was precisely this suggestion, however, which Governor Rockefeller (and later President Johnson) converted into a major campaign issue. He did so by predicting that voluntary withdrawal, if introduced, would destroy the whole Social Security structure.

What seems to have been overlooked in the turmoil of 1964 politics is the obvious implication that, if the Rockefeller-Johnson prediction is valid, the system is not one of social insurance at all. The system is, instead, simply a particular set of compulsory taxes and transfers.

PRIVATE SYSTEMS FAIRER?

Why should an individual, given the choice, ever choose to withdraw from the public system unless he can more efficiently purchase private retirement insurance? If large numbers could, in fact, be predicted to withdraw when given the opportunity to do so, this would be irrefutable evidence that some current contributors in the system are required to pay something more than the discounted value of their own retirement benefits, actuarially computed.

Many current contributors are supporting not only their own "insurance" but also current retirement benefits being paid out to pensioners all of whom contributed less than the discounted values of their own benefits during their own income-earning careers. Those income earners who now pay Social Security taxes finance the retirement benefits of those who have already retired, over and above the current contributions that they would have to make to "insure" their own pensions in retirement.

Because of this redistributive feature, Mr. Rockefeller was correct in his prediction. Much voluntary withdrawal would quickly produce deficits in the Old Age and Survivors Insurance trust-fund account; current rates of benefit payment could not be maintained without tax-rate increases. And, such increases would, in turn, accelerate the withdrawal.

Who would benefit by withdrawing from the Social Security system and purchasing his own private retirement insurance? The

largest group is undoubtedly young persons—those in their twenties and thirties. Consider a young man who takes his first job in 1966 at the age of 22. Assume that he will, for the next 43 years, earn at least \$6,600 each year. He will then pay in the maximum amount of taxes since income over \$6,600 is not currently subject to tax.

In January 1966, the rate of tax for old-age, survivors, and disability insurance was raised to 7.7%—3.85% on both the employer and the employee—so that the maximum tax per worker is now \$508 per year. This total will be gradually increased until it reaches \$640 in 1973. Taxes at these levels paid over a working life of 43 years and accumulated at 4% interest compounded will amount to over \$67,000 at the time of retirement at age 65—\$27,000 in payments plus \$40,000 in accumulated interest.

Half of the 7.7% is commonly referred to as a "contribution by the employer." This language is misleading. The tax is simply an ordinary payroll tax. The economic impact would be the same whether or not the law required the employer to keep figures in his accounts which divide the "contribution" between himself and his employee. The tax increases his labor costs and decreases his demand for labor. This spread over all firms causes the level of money wages to fall, so that the wage earner, in effect, pays this employer part of the tax as well as that nominally levied on the employee.

The tax payments do not provide solely for old-age benefits; they also include disability insurance and survivors insurance. These additional items must be deducted if we are to estimate the tax costs of old-age insurance alone. Twenty per cent of the total value of accumulated taxes approximates the cost of these forms of insurance other than old-age benefits. This adjustment reduces the total value of accumulated taxes for old-age insurance alone to \$54,000.

WHAT HE WOULD BE PAID

Does the young man in our example get his money's worth? If he lives until age 65, he can expect to live 14 additional years. While life expectancy has increased substantially over the last half-century, experts do not predict major changes in the future. The maximum benefits that are now possible for our young worker when he attains age 65 are \$3,024 per year—\$2,016 for himself and an additional \$1,008 for his wife. A pension of \$3,024 could have been financed for 14 years with accumulated tax payments of only \$33,000. Looking at this another way, a sum of \$54,000 is so large that it would provide a pension of \$3,024 for 14 years, and at the end of this period \$38,000 would be left. This is because interest on the unused balance at 4% over the 14 year period would total \$26,000, and only \$16,000 would have to be taken from the principal.

Not all young persons can expect to earn the full \$6,600 per year over a full working life, as the example has assumed. The benefits for those earning less than \$6,600 are reduced, but not so much as their tax payments are. A person who pays in 75% of the maximum taxes secures, for example, 83% of the maximum benefits, and a person who pays in only one-half of the maximum tax receives 64% of the maximum benefits. For all such workers, the Social Security system is, of course, less of a net burden than for the worker treated in our first example. Nonetheless, these workers will still pay accumulated taxes in excess of the discounted value of benefits expected. Other groups such as married women workers, single persons and persons working after reaching age 65 also will pay more than they can expect in return.

Not all groups have a bad deal under the current system. There are more than 15 million persons now receiving Federal old-age pensions—probably not one of whom paid in the full cost of his insurance benefits.

Again, consider a specific example, a person who retired in 1965 and who paid in the maximum amount of taxes possible. His accumulated tax payments amount to only \$4,160 after deducting 20% for survivors and disability insurance. He has contributed, at most, for only 28 years, and for the first 14 years his maximum tax was only \$60 per year. The largest annual pension possible for a married person who retired in 1965 is \$2,371. Accumulated tax payments of \$26,000 would have been necessary to finance a pension of this size for 14 years. And if he should try to purchase an annuity from a private insurance company, one that provides \$2,371, it would cost him approximately \$35,000.

Not only those who have already retired, but also those workers who will retire over the next twenty-five years may not be required to pay the full cost of their expected benefits under the system as it now operates. If they have paid in the maximum taxes, and expect to continue to do so until retirement, the break-even point is 39 years of age. Workers older than this gain; workers less than 39 lose by participation in the system. For those who have paid in, or expect to pay in, less than the maximum taxes, the break-even age is, of course, somewhat lower.

Clearly the interests of young persons and others who are not getting their money's worth conflict with the interests of present and near prospective beneficiaries who are getting the bargains. If we judge by the 1964 campaign, voters are in no mood to tinker with the system. But were they confronted with meaningful alternatives? One task of the social scientist, in his ivory tower and away from politics, is that of inventing institutional schemes. Must we conclude that the only possible arrangement for Social Security is the one presently in being?

We answer these queries in the negative. But something more than a simple option provision is required. We shall suggest basic changes that will allow the system to become voluntary as to participation less costly for contributors and commercially sound.

Our proposal is simple, so much so that it may have been made elsewhere, although not to our knowledge. The proposal can be defended on grounds of equity, honesty and efficiency, all in addition to the value of extending individual freedom of choice.

WHY COMPELSION IS NEEDED

Considered as an actuarial account, the Social Security Administration is bankrupt. Here, of course, lies the necessity of compulsion. Suppose that tax rates should be reduced to allow young workers to pay only for their own retirement insurance and nothing more. The system would not then be able to meet its current obligations because the required funds have not been accumulated in sufficient amounts to finance pensions for those already retired or who will retire over the next two decades.

In the three decades since its origin, political pressures have prevented tax rate increases adequate to finance expected benefit payments. From 1937 to 1950 tax increases from the original 2% to the planned rate of 4% in 1949 were continuously postponed. In 1939 allowances for dependents were added without increases in tax rates. There have been eight amendments raising benefits for those retiring or for those already retired. "New start" provisions, permitting persons to use high-income years and shorter periods as the basis for benefits, were adopted in 1939 and in 1950. Coverage has been expanded several times to bring in additional beneficiaries who have contributed little, if anything, to the fund. The 1965 amendment extends coverage to self-employed physicians and improves benefits for divorced wives and widows who remarry. Current discussion promises still further extensions in 1967.

We are not concerned here with the desirability or the undesirability of these changes

in the basic system. But these changes point up the fact that, on any realistic appraisal, the obligations of the Social Security system represent a net national debt of sizable magnitude.

Our central proposition is based in a simple recognition of this national debt obligation, and on nothing more. The trust-fund account embodies a national debt of significant size in its guaranteed obligations to pay out future benefits to those already retired or to those near retirement, obligations over and beyond fund balances. Simple honesty dictates that this debt be made explicit.

As a first step we propose that on some given date the net national debt that is implicit in the Social Security account be computed by System actuaries. Prior to the 1965 amendment, the amount of this net debt was in the range of \$321 billion. Currently it would amount to at least \$400 billion.

As a second step, and one which, on its face, appears radical, we proposed that the Treasury Department be authorized by the Congress to create Special Social Security Bonds equal to the amount of this debt—some \$400 billion, depending on the computed total. These bonds should not be interest bearing, since the total value of the debt is not discounted in the computation. These securities should be transferred upon issue to the OASI fund. To this point in our scheme, absolutely nothing will have changed in reality except the conversion of an implicit and covert national debt obligation into one that is open and fully recognized. However, from the moment at which the properly computed quantity of these special securities is transferred to the trust fund, this account will become actuarially sound. From this moment, the voluntary withdrawal option could be introduced.

Before this step is taken, however, current rates of tax on younger contributors can be reduced substantially because the redistributive features of the present structure will have been eliminated. For example, a worker who pays in \$300 a year for 43 years accumulates a fund of \$33,000 at 4% interest. This is large enough to finance a pension for him and his wife equal to the maximum pension of \$3,024 per year for 14 years. If the base of the tax is \$6,600, a tax rate of only 4.5% would be necessary, as compared with the present 7.7%. Other workers who are treated unfavorably under the current system could also be placed on genuine insurance principles of accumulation.

OPTION WOULD BE A CHECK

After rates are reduced and inequities in treatment eliminated it would then be appropriate to introduce the voluntary withdrawal option. No one in the system could then be compelled to pay in more than the costs of his own retirement insurance. At this point, however, withdrawal from the system would offer no threat at all to current or prospective beneficiaries. A young worker who might elect to get out would forfeit future benefit rights which are precisely equal in present value, on an actuarial basis, to his tax obligations. The fund, as such, would neither gain nor lose by his decision. And, of course, under such conditions as these, relatively few persons, of any age or group, would be predicted to exercise the option to withdraw. Presumably the national system would be operated, on balance, as efficiently as competing private systems of retirement insurance, and the larger system would, necessarily, have actuarial scale advantages. The operation of the nonprofit bureaucracy might offset these scale advantages to an extent, but the option features would, over time, serve as a check on red-tape.

With the steps outlined, Social Security becomes voluntary, less costly for contributors and actuarially sound. But our proposal is not the fiscal equivalent of the perpetual motion machine, and someone pays the piper,

even under the institutional arrangements that we suggest. If the pensions of current beneficiaries and near-prospective beneficiaries are not financed by payroll taxes, they must be financed by other taxes—presumably personal or corporate income taxes. However, the financing of the net debt from these general revenue sources is considerably more equitable than the method of financing now in operation.

Who is obligated to pay off the implicit national debt as things now stand? Who owes this debt? The answer is obvious. Under present arrangements, those who pay are those from whom Social Security taxes are collected. This is where the excess of current taxes over current values of future benefits goes.

Looked at in this way, the inequities seem glaring indeed. Why should young wage and salary earners, women workers, single persons at age 65, and those who work beyond 65, be required to pay for the failure of the national Government, as collective decision-maker for all groups, to make commercially sound decisions in past years? On generally accepted standards of equity, should not all groups pay?

This is precisely what our proposal accomplishes. The Special Social Security Bonds transferred to the OASI account represent general claims against the Treasury. When benefit obligations require, OASI fund managers would find it necessary to call upon the Treasury for cash, giving up in exchange a share of their stock of bonds. The general taxpayer, and not the wage or salary earner who pays Social Security taxes, would bear the burden of past decisions not to maintain the financial integrity of the account.

From its beginnings, many have argued that the Social Security system should be independent and wholly self-financing, and that resort to general revenues should be studiously avoided. This independence could have been, and can be, justified only to the extent that actuarial integrity is maintained. As it has actually operated, Federal old-age insurance has become insurance in name only. Self-financing has come to mean taxation limited to payrolls. Independence has not freed the system from political pressure.

NO RATE INCREASE

Additional charges imposed on the general Federal taxpayer under our proposal need not be unduly severe. Actual rates of personal and corporate taxes need not be raised for this purpose. Expansion in the tax base as the economy grows could provide the revenue required.

What about expansions in benefits and extensions of coverage? How would these be handled under our proposed reform? Unless such changes are balanced off by either higher tax rates or an expanded tax base, the net debt implicit in the account is increased. Our proposal would simply make this cost clear to all concerned. Any expansion of coverage over and beyond the discounted value of the added taxes would have to be accompanied by a new issue of Special Social Security Bonds by the Treasury, bonds that would at the outset be transferred to the OASI account. The proposal that we make here in no way inhibits Congress from increasing coverage or from raising benefits. The proposal serves only to make the costs involved in so doing clear.

Our proposal is advanced for serious consideration. We should not think that those institutions which have evolved and are in being are always the most efficient that are possible, even for the specific purposes that they are designed to serve. And we should not be overly suspicious of proposals to modify long-standing fiscal arrangements. Innovations in institutions can be productive as well as harmful, and each proposal for change deserves critical examination.

There is nothing here that should generate ideological discord. Conservatives who laud

fiscal integrity, libertarians who seek widened range for individual choices, technicians who value organizational efficiency, liberals who deplore regressivity in taxes—all these can join in a supporting coalition. These, plus those who pay the taxes, surely form the basis of a genuine consensus.

EXCELLENT ARTICLE BY VANCE PACKARD OUTLINES DANGERS OF SNOOPING

Mr. DUNCAN. Mr. Speaker, I ask unanimous consent that the gentleman from Ohio [Mr. ASHBROOK] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. ASHBROOK. Mr. Speaker, Vance Packard has written an excellent article which appeared in the Sunday, January 8, 1967, issue of the New York Times. It outlines with precision and detail in the Packard manner the dangers inherent in the electronic compilation of information on American citizens. Only tonight, President Johnson placed his administration four-square against wiretapping and electronic snooping. Mr. Packard's article gives much food for thought in this vital area.

In 1961, one of my first comprehensive studies dealt with the dangers of psychological testing which brainpicked our young men and women. Mr. Packard illustrates the advanced methods which can be used to compile a dossier on every American and can conceivably one day lead to bureaucratic harassment. Mr. Packard's books "The Naked Society" and the "Hidden Persuaders" have long been must reading for anyone interested in individual privacy. This article is an up-to-date exposé of this unfolding juggernaut of Federal snooping which is now becoming apparent. I commend it to all of the Members of this body and include it at this point with my remarks:

BUREAUCRATIC EFFICIENCY COULD PUT US IN CHAINS OF PLASTIC TAPE—DON'T TELL IT TO THE COMPUTER

(By Vance Packard 1)

Consider the trail of records most of us leave behind in this increasingly statistical age. Our birth is recorded not only on a birth certificate but also on our parents' income-tax return. Non-Government file keepers have information on our income, home value, debts and banks, data we often surrender when we apply for credit. There are the reports investigators make to insurance companies, which may include appraisals of our social and sex lives as well as our financial stability. Employment files have results of personality inventories and lie-detector tests. Hospital records list our medical history, and moving companies have prudently made inventories of our possessions.

State and local governments have our school records, including our grades, I.Q. scores and any reports of emotional difficulties. At least one government agency

¹ Vance Packard wrote "The Naked Society," about the "erosion of privacy" in the United States, as well as such well-known books as "The Hidden Persuaders," "The Status Seekers" and "The Wastemakers."

will have records of our driving, brushes with the law, property holdings and licenses (including marriage and divorce papers).

The Federal Government has our tax returns, our responses to the increasingly lengthy Census questionnaires, our Social Security record, our application for a passport, and perhaps our fingerprints. If we have been in military service, worked for a defense contractor or for the Government, there are lengthy files on us that may well indicate known associates, affiliations and religious beliefs. If we have applied for an F.H.A. loan on a home there will usually be an estimate of our marriage prospects. And this is just a small part of the total.

The citizen concerned about the erosion of his privacy has until now had some consolation in knowing that all these records about his life have been widely dispersed and often difficult to get at. Digging up a sizable file on any individual has been time-consuming and expensive. But today, with the advent of giant sophisticated computers capable of storing and recalling vast amounts of information, this consolation is vanishing.

And now the Federal Government is seriously considering the establishment of a national electronic data center, which would combine in a single computer system information on American citizens that is now scattered around 20 different Federal agencies. The center would allow various officials and outside researchers push-button access to a great mass of consolidated information.

The idea for a central data bank began in a committee of the Social Science Research Council, which recommended in April, 1965, "that the Bureau of the Budget, in view of its responsibility for the Federal statistical program, immediately take steps to establish a Federal Data Center." The White House, reacting favorably, thereupon set up a special task force headed by Dr. Carl Kaysen, of Princeton's Institute for Advanced Study, to examine the concept.

The Kaysen report, submitted to the White House in November, unequivocally urged such a center. In fact it called for a startling expansion of the proposed National Data Center to include information from state and local data-gathering agencies as well. It argued that the present Federal system of getting and using statistics was obsolete, both "inadequate—in the sense of failing to do things that should and could be done—and inefficient—in the sense of not doing what it does at minimum cost." A national data bank would give both governmental and academic analysts a much sharper view of the nation's problems and possibilities—for instance, by relating employment data now isolated in the Labor Department with industrial output information now kept by the Federal Reserve.

In discussing the hot issue of how far such a data center would reach into an individual's life, Washington officials are somewhat vague. For example, Raymond T. Bowman, Assistant Director for Statistical Standards of the Budget Bureau and the man responsible for making recommendations on the data center, has claimed that "a statistical data center would not have an interest in building up dossiers on individuals because statistical interests do not center on individual cases." But he has also stated: "I would not want to say that within the data center... there would be no identification of information with an individual.... You would not be able to use this information meaningfully unless this kind of identification were maintained." And an adviser of his has been quoted in The Washington Post as arguing that valuable information is lost if confidences are kept and statistics are made anonymous too early in the game.

The dangers in allowing the Federal Government to assemble information on individ-

ual citizens in a single center are almost self-evident.

We know today that information is power. As Dr. Robert Morison, scientific director for the Rockefeller Foundation, has put it: "We are coming to recognize that organized knowledge puts an immense amount of power in the hands of the people who take the trouble to master it." Bernard S. Benson, a computer expert, has conceded that the concentration of power in the form of accumulated information can be "catastrophically dangerous."

Experts in computer technology who testified in July before the Special Subcommittee on Invasion of Privacy of the House Committee on Government Operations indicated that a central data center could easily be converted into a more ominous dossier bank. The same technology that enables the machine to process information about individuals could be used for the instant retrieval of information on any one of them.

Indeed, we should be uneasy right now about the vast amount of information that the Federal Government is starting to store away on its citizens in dossiers, card files and electronic memory banks.

The Government has led the way in installing bigger and more sophisticated computers, purchasing many thousands of them, including some of the world's largest. The Civil Service Commission is now operating a center to train 2,300 Federal employees to get maximum usable information out of various computer systems.

The Internal Revenue Service, too, has made a massive investment in computers to store and assess information on taxpayers. We can all be cheered by the promised increase in fairness and efficiency that theoretically will result, but the prospect is disquieting. For the electronic memory banks can presumably store a cumulative file (or "cum") covering up to 10 years of each taxpayer's life. The vast amount of information he has provided about himself, his family and his business dealings over a decade would be subject to virtually instant retrieval. In short, I.R.S. computers will be able instantly to dredge up dimly remembered personal affairs of the past.

Federal agencies have also developed increasingly systematic patterns for exchanging information. When a Federal agent makes a National Agency Check on a person, for example, he customarily checks the files of at least eight Federal agencies. A Congressional investigator reported that results of lie-detector tests taken by one agency were freely passed around to personnel officials in other agencies. And we know that various Government units are developing a central information on individuals involved in criminal investigations.

Unless safeguards are developed, the Government will be increasingly inclined to assemble more and more specific data about specific individuals. When the Social Security program began we were assured that our Social Security number would be kept secret, that no one could possibly use it to keep track of our movements. Today, we must not only write our Social Security number on our income tax return but supply it to banks and employers. Social Security numbers are in fact so easily obtainable that one nationwide investigating firm has a line on its standard form for the Social Security number of the person under investigation.

On top of that, the Census Bureau has now suggested that the 1970 census include every responder's Social Security number—for the express purpose of aiding the correlation of Federal information. So the Social Security number could become not only public information but the key to creating a frightening dossier on each individual.

Or consider the Census. The Constitution calls for an "enumeration" of the population every 10 years, but today the Census has gone

far beyond that. Many millions of citizens in 1960 had to answer 165 questions about their lives, purchasing habits and incomes. The pressure is on to add a host of new inquiries, such as ethnic origins, religious affiliation, schooling and the like to the 1970 Census.

And failure to answer every question on the Census can result in a fine or jail sentence. This was made clear after the 1960 Census when William F. Rickenbacker of Briarcliff Manor, N.Y., was fined \$100 and given a suspended jail sentence for refusing on grounds of principle to fill out the household Census form.

In all the discussion of plans for a national data center, it seems to me that the crucial question is whether we are letting technology get out of hand without a sufficient concern for human values. To my mind there are four major dangers in allowing governmental machines to pool and exchange data on individual Americans; the first two concern the nation as a whole, the others the individual citizen.

First, a central data bank threatens to encourage a depersonalization of the American way of life. Americans increasingly, and rightly, resent their being numbers controlled by a computer. Students at the vast state universities resent having their exams machine-graded and their I.D. numbers often printed twice as large as their names. Much of the same resentment may be felt by some of the hundreds of thousands of applicants for Federal jobs who find not only that their exams are machine-graded but also that an automated machine writes the letter telling them whether or not they have passed the test.

Second, the central data bank is likely to increase the distrust of citizens in their own Government and alienate them from it. People will be wary of what they tell the Government if they discover that information confided for one purpose is used to affect their life in some entirely different connection. If what they tell the F.H.A. to get a home loan prevents them from getting a job with a Government contractor they will start being distrustful.

The Kayser report did recognize that if Federal information on individuals is thus centralized the citizens ought to be given assurance that it cannot somehow be used against them, or otherwise falsification might become rampant. But such an assurance—especially in view of the existing "credibility gap"—might have little effect, for any evidence that the Administration was increasing its power over the citizenry by centralizing files on more than 100,000,000 citizens would inevitably create disquiet.

In addition, the public will inevitably feel a suffocating sense of surveillance. One of the hallmarks of totalitarianism has been this sense that somewhere there is an all-seeing eye.

Third, a central file can absorb large batches of data about people but it is ill-equipped to correct errors, allow for extenuating circumstances, or bring facts up to date.

An acquaintance discovered quite by accident that his local credit bureau, in a litigation report on him, said he had been the target of three lawsuits for failure to meet commitments; on the record he obviously was a bad credit risk. In fact, the first case was a \$5 scare suit back in the nineteen-thirties over a magazine subscription he had never ordered; the second involved a disagreement over a \$200 lawyer's fee and was later compromised amicably; the third concerned a disputed fee he had charged a client, and this suit he won in court. It took my friend two days of digging to clear his record with the credit bureau.

Many employers, including the Federal Government, require a job applicant to note if he has ever been held by a law-enforcement agency for investigation. Obviously,

hundreds of thousands of citizens have been momentarily held and then released without charges—but it is hard to explain innocent circumstances to a computer.

Even more serious is the computer's inability to recognize that people indeed often do change and become more responsible as they grow up. The son of a friend of mine in a Midwestern city applied to several department stores in the area for a job when he was graduated from high school at the age of 18. He had recommendations from his minister, scoutmaster, high school principal and chief of police. But no store would even give his application serious consideration, since it turned out that his name was in the stores' central file of known lawbreakers. Five years earlier, at the age of 13, the boy had been caught snitching \$2 worth of fish-line.

America's frontiers were settled by people seeking to make a fresh start, escaping the unpleasantness of the past. Today, with central files and computers increasingly recording the past, the possibility of a fresh start is becoming increasingly difficult. The notion of the possibility of redemption is likely to be incomprehensible to the computer.

The most disquieting hazard in a central data bank would be the placing of so much power in the hands of the people in a position to push computer buttons. When the details of our lives are fed into a central computer or other vast file-keeping systems, we all fall under the control of the machine's managers to some extent.

In recent years we have seen at least one notable case in Washington of information from a secret dossier being used in an effort to intimidate and discredit a person making statements embarrassing to certain high officials. He was an insurance man in the Washington area who had disclosed some curious insurance practices in connection with the Bobby Baker case.

The filekeepers of Washington have derogatory information on literally millions of citizens. The more it is fed into central files, the greater the danger that it will be used as a form of control.

One computer scientist, Eldridge Adams, has warned that the electronic computer systems being used by Government agencies were collecting so much information about families and individuals that those controlling the machines were achieving "truly frightening" power. He indicated that without proper control the computers would convert our society into the Big Brother regime predicted in Orwell's "1984."

Let us remember, 1984 is only 17 years away. My own hunch is that Big Brother, if he comes to the United States, will turn out to be not a greedy power-seeker but a relentless bureaucrat obsessed with efficiency. And he, more than the simple power-seeker, could lead us to that ultimate of horrors, a humanity in chains of plastic type.

Congressman Cornelius E. Gallagher, a New Jersey Democrat who heads the House invasion-of-privacy subcommittee, put the issue clearly at last summer's hearings:

"We do not want to see the intended good use of a data center distorted so that it simply makes confidential information more readily available to more people. Nor do we wish to see a composite picture of an individual recorded in a single informational warehouse, where the touch of a button would assemble all the governmental information about the person since his birth. . . .

"The presence of . . . records in Government files is frightening enough, but the thought of them neatly bundled together into one compact package is appalling. We cannot be certain that such dossiers would always be used by benevolent people for benevolent purposes.

"We also recognize the danger implicit in such power which would enable a less scru-

pulous person—or even a well-meaning but overzealous Government official—to delve behind the statistics, to the respondent, and learn the inner secrets of an individual. Shall we create an elite who can narrow and dominate the 'corridors of power'? And who shall they be?"

There is some question whether the Administration could informally establish a National Data Center without specific enabling legislation by Congress. In the past Congress has become aware of projects involving privacy invasion—such as the Executive Department's purchase of lie-detector and surveillance equipment—only after they had been well established.

In July Mr. Gallagher told of reports that the Budget Bureau had already tentatively earmarked funds that might be used to start a data bank program. Later, an official of the Budget Bureau advised me that if plans go forward to create such a program there will first be a request put to Congress for an appropriation. But apparently the groundwork for a central data center of some sort has already been well laid. The Kayser report mentioned that "a sufficient beginning has been made . . . to permit the center a running start."

At subcommittee hearings, the Budget Bureau's Raymond Bowman suggested that safeguards could be established to prevent the "release" of information on individual citizens or businesses. But prohibitions against release become somewhat irrelevant—and their real effectiveness somewhat dubious—if officials at all 20 contributing agencies are permitted to have push-button access to the central bank.

While it may seem obvious to a layman that each contributing agency could be required to remove all identification of individuals or businesses before sending its statistics on to the central bank, Budget Bureau experts raise practical objections. Bowman said flatly, "It is not possible to have a meaningful data center in which the identity of the individual is deleted." For one thing, apparently, the elimination of identification would complicate the problem of "meshing" the data correctly in the first place and perhaps make impossible the adding and assigning of new data on individuals as they come in over the years. Also, there is the practical objection that the mechanics of removing identifications would multiply the costs of setting up the system.

The task force report spoke of the importance of developing (unspecified) safeguards against unwarranted "disclosure" or "publication" of information about individuals or enterprises. It mentioned vaguely that at some stage in setting up the center thought would need to be given to protecting the confidentiality of the data and acknowledged that "the question of the proper or improper use of information by different agencies is indeed a ticklish one."

But at no point did it attempt to propose specifically how foolproof safeguards could be established, and even confessed its incompetence to be precise on such matters. It mentioned only that there might be "standards of disclosure," "techniques for preserving confidentiality," "recodification" of laws and rules, procedures for "screening," and so on.

It is not enough to talk in generalities of eventual safeguards. Could the public ever conceivably be fully protected from abuses and mistakes? What assurance would the public have that administrative "techniques," "standards," "rules," etc., would not be quietly changed in some future regime reaching for greater power over the citizenry? Only a carefully drawn Federal law—enacted before the data center is established—would seem to offer any protection at all for the long term.

As Chairman Gallagher has said: "Merely stating that rules, laws, individual judgment and Congressional-Executive action should

be exerted to safeguard privacy does not provide the solution."

There appears, then, to be an impasse here between the desires of the statisticians and the fears of the civil libertarians. Quite possibly it can be resolved only by abandoning the whole project or by persuading the statisticians to settle for a more modest exchange of depersonalized statistics.

(Or, interestingly enough, by technology itself. Congressman Gallagher says: "Latest refinements of modern hardware make the centralization of data dubious, rather than obvious." Experts suggest, he says, that "it might be more advantageous to build a decentralized computer system to solve the growing information-gathering crisis. Under such a system, the data could remain with the various agencies and would be fed into a central computer for statistical analysis.")

At times Administration statisticians have seemed bewildered that anyone would doubt their good intentions and their willingness to impose regulations on their procedures. A sharp answer to this comes from Charles A. Reich, professor of constitutional law at Yale University: "I believe that the real protection in this world comes not from people's good intentions but from laws."

Looking at the broader problem, Reich has argued that it is time to pass laws stipulating the kinds of questions that cannot be asked of any citizen. "A person has the right not to be defamed," he maintains, "whether it is by a machine or a man."

I believe it is time, too, that Congress, in consultation with Federal regulatory agencies moves to establish closer control over the vast empires of private and cooperative businesses engaged in investigating citizens: the credit bureaus, insurance investigating firms and private investigating enterprises. Several of these businesses gross from \$40- to \$125-million a year from the sale of personal information. Since the information gathered by these enterprises crosses state lines there seems to be clear Congressional jurisdiction.

In any event, Congress should soon start weighing the advantages to society of consolidating statistics against the very real threat that central data systems can imperil personal privacy, and in fact can become instruments of control over American citizens.

EMPLOYMENT OF HANDICAPPED

Mr. DUNCAN. Mr. Speaker, I ask unanimous consent that the gentleman from Massachusetts [Mr. Morse] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. MORSE of Massachusetts. Mr. Speaker, it is fitting that on this first day of the 90th Congress when the official mechanism for the functioning of our representative governing bodies begins anew, we stop for a moment to look at the unofficial mechanism on which the functioning of our Government and the welfare of our Nation also depends: people who care—people who realize the importance of human dignity, equality, compassion, and love; people with a sense of gratitude for the opportunity to enjoy good health and a good life in a free society; people with a sense of responsibility for mankind, for the Nation, and for their fellow Americans; people who give their time and effort freely to work for betterment and progress of these ideals and principles.

Mr. Sumner G. Whittier, former Administrator of Veterans Affairs, active in

the past in Massachusetts State political life, and at present executive director of the National Society for Crippled Children and Adults, was asked by the President's Committee on Employment of the Handicapped to speak at the annual volunteers luncheon of April 1966. Mr. Whittier not only responded in the same sense of appreciation and responsibility with his time and effort, but delivered a speech which I feel should be widely read.

Because of the profoundness of Mr. Whittier's words, because of the relevance in an age charged with impersonalism and indifference, and because of the praise due our volunteer groups and individuals and the need for further awareness, I submit this for publication in the CONGRESSIONAL RECORD under unanimous consent:

SUMNER G. WHITTIER PRESENTATION AT VOLUNTEERS LUNCHEON, PRESIDENT'S COMMITTEE ON EMPLOYMENT OF THE HANDICAPPED, ANNUAL MEETING, APRIL 29, 1966

THANKS TO VOLUNTEERS

I am going to speak about volunteers. Every year the President's Committee asks someone to speak about volunteers.

There need be no feeling of suspense about which side the President's Committee is on as far as that issue goes. It is in favor of volunteers.

It follows then, as children a Good Humor cart, that if the President's Committee asked me to deliver this sermon, it felt rather confident that I supported their view. Let me erase any mystery if such exist. I do support that position. I am in favor of volunteers.

As I understand my assignment I am to praise the volunteers. I so do. Further I am to thank them for the assistance which they have this year given to the handicapped and to the President's Committee.

To the measure that you have contributed of self and are deserving, so do I for the President's Committee extend more than simple gratitude. I lavish tall beakers of appreciation upon your kindly heads.

NEED MORE VOLUNTEER EFFORT

These are courtesies usually performed, but I believe there is a further point and the most important one. The Committee would like added volunteer effort. By such effort can more handicapped be employed. Therefore, if you are a volunteer, please, if you can, next year give more of time and self. If you know others, enlist them in this fine cause and thus multiply the assistance to the handicapped.

That completes the burden of my assignment, and now, if any among you has some pressing obligation elsewhere, you have heard my speech.

VOLUNTEERS UNANIMOUSLY FAVORED

However, we do have a ritual in America, born I think around the service club programs, that luncheon speakers must talk 20 minutes to two-and-a-half hours. As to which extreme I favor depends in good part on whether I am doing the talking or listening.

In some communities I might have been able, once having delivered the essence of my assignment, to stop, but in addition to general custom I am conscious that this is Washington D.C. where, given a lectern, men must with arrayed adjectives and flamboyant nouns orate or break all Capitol traditions. Out of respect for such historic custom, I shall abide. I believe that it was on some occasion such as this that a special type of oratory familiar here had its origin—the filibuster.

When Mr. McCahill went searching for a

speaker who would support the Committee's views, he had little trouble.

I have no idea how extensive the market research on the subject has been; I've seen none, but my instinct tells me that volunteers are pretty unanimously favored both among volunteers and non-volunteers. Some may favor volunteer efforts more for others than for themselves, but in the main, I think we can rest secure that they are approved by something beyond even a Lyndon Johnson majority—speaking nationally, of course.

In fact, I believe, of the first twenty people Bill asked to give this talk, every one without exception including cabinet members was in favor of volunteers. The only objection that they voiced in refusing seemed to be that there was little that had not been said before on the subject. I agree with their position, except that I was modestly surprised to find that advanced as a reason for not giving a speech in Washington.

BOUQUETS TO PCEH STAFF

There are some very serious things I would like to say on the subject. Of all the words I may use polishing brightly this day the shield of the volunteer, let it be said also that staff, though it be salaried, can be and usually is deeply dedicated and highly motivated. And I could readily bestow many bouquets on that score.

HEALTH LEGISLATION

Another point—this particular speech is uttered against a backdrop of fervent discussion that is universal these months wherever people in the charities gather, be it staff, volunteer, or both. Last year was legislatively in the health field spectacular. A long list of fine bills were passed, freight carloads of pens were distributed, and several sets of rose bushes necessarily had to be replanted in the White House garden.

ROLE OF VOLUNTEER AGENCY

With government surging into the health field with such cascading vastness, the question keeps recurring: What is the role of the voluntary agency? Can it survive? Will it be totally replaced?

I do not intend to examine the questions or the answers here except quickly. It is the view of almost everyone that, though there may be some changing of roles, the volunteer agencies still have a strong part to enact on the health stage.

PARTNERS WITH GOVERNMENT

No matter how lengthy the discussions, one conclusion rises prominent as the Washington monument and that is the government is in the health arena, is in it hugely and energetically, and whatever the changes, all of us, remembering that our joint and basic goal is improving America's health by finding answers to the great health questions before us, must work together in complementary fashion, each in its best place, and so we shall.

The moment may arrive when voluntary contributions will decline, but as far as I can see there is to this moment no statistical evidence showing any such trend—almost all major fund raising drives seem to be at record peaks.

Among government officials I find spoken reassurance that volunteers and volunteer agencies are needed and expected to continue. Vice President Humphrey speaking of the handicapped and their need for a chance to prove themselves competitively said at this meeting a year ago:

"It is you who are providing that chance . . . you who are leaders of business, labor . . . and other voluntary organizations."

When we consider the side that is positive and what the volunteers have accomplished, we think: America, God shed His Grace on thee. And part of that Grace was the gentle human heart that cared beyond self to change and conserve this land, to endow it

with more beauty, more health, more decency.

Think you not so?

IMAGINE AMERICA WITHOUT VOLUNTEERS

Come with me for a moment, let us sit atop the highest peak where the Continental Divide splits the Rockies. Let us look east and west, north and south at a different America.

What if there had been no volunteers?—in this, our land?

What if every citizen had turned his back and let the stricken die when their cries for help came agonizingly upon the air?

What if the selfish and the vested had been permitted totally to inherit the shore and plain, river and mountain?

What if there had been no voice preaching out against wrong—demanding justice, fair play, remedy for injury, at town meetings, at the assemblies of Congress?

A BARREN LAND

Look out in grim imagination at that barren land—three thousand miles east to the little towns of New England and their ledge-rock shores—to the streaming rivers that hold Manhattan—to Washington, D.C.—Chicago and its pendant lake—then west to Big Sur and the Sierras and the vast tumbling Pacific.

What is it you notice first?

NO CONSERVATION

The land naked of the trees, gone the tall ponderosa and the taller sequoia, slash pine and cedar vanished from an ugly continent? For who was there to raise the protest when the spoilers came to strip the forests?

Who was there to fight the lobbies that descended upon the lawmakers?

Who to save the watershed?

See the huge dark swirling clouds rising above the dustbowl plains. For there had been no volunteers to preach conservation.

NO BEAUTIFICATION

But look beyond to the cities and the towns. What seems so strange? What's missing? Parks and flowers? Yes. No foolish garden clubs.

NO CHURCHES

But more, no steeples, no white spires rising on New England greens, no great ascending cathedral tower along New York's Fifth Avenue, no reminders to the secular world that there might have been greater forces fighting the torrent of materialism—for churches are built and manned by whole armies of volunteers, from Ladies Aid to Sunday School teachers.

NO MONUMENTS

The nation's capital seems strange—that's it, no tall obelisk rising high to honor Washington—no white columned Memorial in Lincoln's memory—for such monuments need volunteer efforts.

FEW HOSPITALS

The hospitals seem so few in every community. The state cannot build enough hospitals without volunteer help. Tuberculosis is rampant. There was no Lawrence Flick, the packer from a Los Angeles orange grove, stricken and recovered from tuberculosis, a volunteer fiercely to organize public opinion against the dread white plague.

NO MARCH OF DIMES

Yes, there was a President named Franklin Roosevelt. He was a victim of polio, campaigned held in braces, and he wanted deeply to prevent others from being struck down, but they needed volunteers to march for dimes, and after all, who would march for a dime?

When they proposed it, a certain lawyer stood up to bait them and to protest. Ringing a lot of doorbells, especially in some of the suburbs, would irritate a lot of com-

fortable people, who did not want to be disturbed.

Besides, if that flock of women, the lawyer said, ever got too eager, the drive might be successful. Why, the effect would be terrible—there might even be a lot of new drives springing up trying to help contain other diseases. Just think how much that might disturb suburban Americans. We must not disturb people he said. It might bother someone's conscience to pause and think that he might be his brother's keeper.

It just wasn't businesslike—it wasn't efficient—having women run around like that collecting money when they could be home playing bridge or watching some inspiring afternoon program on television. And besides, polio wasn't the biggest problem anyway.

So the criticism convinced the Volunteers and they gave up the idea . . . no Volunteers . . . no March of Dimes.

NO POLIO VACCINE

Now over there, this is the huge hospital and sanitarium—looks like a warehouse, doesn't it?—where we keep our handicapped the lame and the halt. There are certainly a lot of them. We hope that the government will appropriate money for a big research program to try and find some serum or vaccine to halt polio.

But we don't talk about it much. We conceal the handicapped. It bothers the public too much. Some people wanted to get a thing going to try and change public attitudes, but it would have taken too many volunteers, and there were none.

DISEASE RAMPANT

Oh, those social diseases . . . shhh! We don't say those words. That's another thought someone had—attempting to get frank discussion of such things. But that got killed too. Would have taken volunteers.

Gray Ladies? In hospitals to help veterans? I can see how a visitor might be a bridge in a mental hospital between hope and hopelessness, to take the patient for a ride outside, or be a companion to a halfway house helping him rehabilitate himself.

NO VOLUNTARY HEALTH AND WELFARE ORGANIZATIONS

Raise money to help in disasters? You mean like giving out food and blankets? Or finding shelter for people when there are floods and tornadoes? And getting blood for blood banks? And instructing in first aid or giving lessons in lifesaving while swimming? It sounds interesting, but who'd ever do it? Where would you find the volunteers? I'm sure someone would criticize that and discourage the volunteers right away.

And so it would have been had there been no volunteers to serve and to work and to achieve in the face of apathy and resistance.

The voluntary health and welfare organizations of America would have disappeared. Cerebral palsy, epilepsy, arthritis, multiple sclerosis, heart, mental illness, mental retardation—these and many more organizations would have vanished.

GOVERNMENT CANNOT REPLACE VOLUNTEERS

Can you imagine the vast government structure that would have had to be established to fill the gap—if they had just tried to add one person to the payroll for every vanished volunteer? Can you visualize the millions of government dollars needed to replace the money raised by volunteers through the years?

I cannot help but wonder, for all we have done in the private sector, had we done more, had we been able to inspire still others, would there have been so much for government to do?

VOLUNTEERS DO MUCH

Fortunately, there have been the volunteers doing all kinds of unbelievable tasks—cooking fudge with Brownies, lugging

cookies to, the office and forcing all their reluctant fellow employees to buy boxes for the Girl Scouts, coaching ferociously competitive Little Leaguers, playing nursemaid in cooperative nursery schools from morning until dusk. Who can count the bruises, the contusions, the scratches that poor middle-aged, overweight adults have accumulated—not to mention the barrels of unguentine and the tubs of arnica that have been applied to those aching bodies—because they have vigorously led flocks of energy-driven young Americans up and down hills on camping expeditions in park or mountain.

How many adults have been in nursing homes or day care centers or other institutions that give help to the aged? It is the volunteer who brings back the light and the memory and the smile.

Could there have been the symphony music to enjoy in so many cities without volunteers to raise funds to perpetuate the nation's orchestras? How much of music, how much of amateur sport, has existed because of the peculiar drive and concerned interest of whole battalions of volunteers?

HELP FOR THE CRIPPLED

I have stood in the aspen gold mountains of Colorado, have stood on the side of a great California mountain below Malibu looking out to the tumbling sea, and by a manmade lake in Des Moines, Iowa, and in other of America's states surrounded by youngsters in wheelchairs and with crutches who were working, laughing, playing because one man in one small town of Elyria, Ohio, had once—long ago—been stirred to action to provide help when the size of the need and the challenge seemed vast beyond calculation.

His son was injured in a streetcar accident, and died because there was neither the facility nor the talents in Elyria to save him. So Edgar Allen left his well paying job, motivated his fellow Rotarians to raise funds to build a children's hospital, then saw as a patient a terribly handicapped youngster in need of special help. Edgar Allen set out to provide it, and from that dedication against all the apparent impossibilities grew Easter Seals, in every state and more—1400 locals—thousands of volunteers—because one man cared and acted.

LIFE, LIBERTY AND PURSUIT OF HAPPINESS

And in this room and at this meeting, we must acknowledge the volunteer who helped make the very promise of our Declaration of Independence come true for many—that man shall have life, liberty, and the pursuit of happiness. A man who is chained by a severe handicap has little of liberty and less of the pursuit of happiness. Those who are at this meeting and others who have preached and acted across America to provide the opportunity for the handicapped at the workbench, in the laboratory, in a thousand places at a thousand, thousand jobs, have given meaning to many lives, have given self respect, confidence, and a sense of belonging more fully to a free America.

The surging horde that comes in increasing numbers every year to this conclave until we have outgrown Constitution Hall is witness to the immensity of volunteer compassion.

And now I have called the positive roll—not the total roll, but enough in the sampling so that we know there has been this great pulsing force in America that has changed its ways, that has remade its cities, that has touched the life of millions.

NOT A HAPPY ENDING

The story is magnificent and inspiring. I wish I could leave it there. I wish that, like the motion pictures I used to see when I was young and which still turn up on late television, they would all live happily ever after. I wish it were a success story, total and complete.

But the nagging, continuing, relentless persistence of something inside me will not

let me be. I have seen America, and I have seen its greatness. But I have seen also its agony in too many places. It is the more terrible in its contrast when we know that the need occurs in the most affluent of societies. Never has the richness been as great, but the statistics of need are still long.

THERE IS NEVER ENOUGH

I shall not quote any columns of figures. They are dull in the listening and in the reading. But there is no one of you who works among the charities who does not know that there is never enough. Charity groups all across America and their budget committees are aware of the swelling demands and the growing requests for more, of the increasing goals that must be met and too frequently are not for the budget must be balanced.

It is difficult to make an objective balanced judgment positive or negative. There are both in the world—the caring and the careless—and I shall not weigh which are greater in number—though I know that, whatever the balance, there is need for many more volunteers, for many who care with a driving passion.

NEED TO OVERCOME INDIFFERENCE

If my assignment here is only to emphasize the positive, only to acknowledge the good men have done, this is a fine undisturbing public relations approach. If the calling of the proud roll of the honored and the compassionate, among individuals, among industries, among agencies, among government departments, among cities and among states, if that awarding of prizes, if that describing in sincere words with deserved compliments, if those accomplishments become the inspiring example, and create in other men the urge to follow—the burning need to go and do likewise, then that positive approach is one of resounding merit.

On the other hand, if not mentioning the negative permits a patch to be placed on vulcanized consciences, if mentioning only the positives hides the need for action in your town and in mine, then we have not hoisted the banner high enough, nor enlisted enough volunteers in the legions, nor done full battle against the constant enemies of mankind—indifference, preoccupation, cruelty, neglect, and the blind refusal to see or hear or do.

BIBLE CALLS FOR VOLUNTARISM

All that I have said seems to keep adding up to full approval of volunteering—but beyond this room some division might arise. In truth voluntarism is a question that is so old in time as to be beyond the tracing of its origin. The Bible raises it early. It was Cain who said, "Am I my brother's keeper?"

Through centuries of history man has been debating that troublesome question in his conscience for it is not easy to answer except in the doing.

It was a question asked of Christ. He gave an answer so clear it has come ringing down the centuries to us. A certain lawyer stood up trying to bait Christ—someone is always trying to bait those who preach goodness—and asked: "Who is my brother? Who is my neighbor?"

GOOD SAMARITAN

Christ told the story of the Good Samaritan: "Thou shalt love . . . thy neighbor as thyself."

Men did turn their backs on their neighbors—men did look the other way and leave a bleeding human being beaten by thieves. Dying in the dusty road until one man, as he journeyed, came where he was; and when he saw him, he had compassion and went to him and bound up his wounds.

A beaten man on the roadside—does that sound ancient and long remote? Or does it have a sound of recency to it?

Even in this hour—after all the countless years of conscience—the question is still being asked and different answers being given.

Christ lived in a brutal time. Execution

was by crucifixion. It was a hedonistic, sordid, ugly, materialistic world of illness, of many beggars and many crippled, of short life and quick death for men, for women and for children.

TWENTIETH CENTURY PRIMITIVE

But what has this to do with this meeting here in the civilized 20th century in Washington, D.C.? This is a new and modern world and all is changed.

Or is it?

The things still undone, the needs yet unmet can furnish us with a long troublesome list, and a longer list of men who have turned away.

Is Kew Gardens the symbol of our age? A girl coming home from work on the streets was stabbed to death, and men pulled down their shades and went with troubled consciences back to bed, while she lay bleeding and dying on the street, her pitiful cries unanswered . . . the Samaritan, as he journeyed, came along a few thousand years too early to be of help to her.

Need I recount others?

When some future age looks back on us as now we look back to the time of Christ, and weighs in balance the good and the bad, what will history's judgment be of our century?

In terms of statistics on murder and crime, of concentration camps, and civilian deaths in wars, few ages will be able to match us in sheer numbers, much of it occurring because someone refused to see or act when, by his action, the results might have been different.

"When Jesus came to Golgotha

They hanged him on a tree.

They drove great nails through hands and feet,

And made a Calvary.

"They crowned him with a crown of thorns—

Red were his wounds and deep

For those were crude and cruel days

And human flesh was cheap.

"When Jesus came to Birmingham,

They simply passed him by.

They never hurt a hair of him.

They only let him die.

"For man had grown more tender,

And they would not give him pain

They only passed him down the street

And left him in the rain.

"Still Jesus cried

'Forgive them for they know not what they do'

And still it rained the winter rain

That drenched him through and through.

"The crowds went home

And left the street without a soul to see

And Jesus crouched against the wall

And cried for Calvary."

Who does care? Who is the greater number—the caring or the care-less?

PAGEANT REACHES HEART AND SOUL

It is magnificent to come to this meeting in this white and columned capital of our land and be part of this warming pageant that a hundred times walks right off the platform and grabs hold of you in your heart and in your soul.

At this assembly we have seen the valiant and the caring . . .

Heard the wonderful story of the old folks and the ill who crowded excitedly into the store opened for them on a Sunday—their first shopping spree in a long, long time . . .

Heard the Handicapped American of the Year stand at a lectern and address the nation—all America—in a voice he himself could not hear—handsome and erect and gallant and confident, his blind eyes shining with dreams. He stood there the photog-

*"Indifference," by G. A. Studdert-Kennedy.

raphers crowding round. I noticed a little nun in her black habit snapping pictures like mad.

He stood there and he put his fingers on the moving lips of the Vice-President of the United States, and you felt it, and you knew it when he said, "There is no darkness when there is the sunshine of hope. There is no silence when there is the song of dreams."

In front of me Mrs. Lyons sat, and the tears were streaming down her cheeks in a wet cascade.

And last night a Senator—and there was more to his story than he told about the decisions of whether or not to let the regiment fight at all—a Senator told his story, told it clean and swift and straight—no embellishment save humor—and you felt it in the depths of you, every pain and every aspiration, from the pack of cigarettes tossed on the bed to the tall proud moment in the well of the Congress of the United States.

Next to me was a German foreign official. He was blind—from a grenade in 1945. When Senator Inouye stopped there was a hand gripping my arm, and the German said with a sharp suddenness: "He told my story—exactly."

These are the courageous singled out for achievement.

THE VOLUNTEER COMMANDMENT

But forget you not that there are others who, if they are to take their place here, need you and you, need volunteers, need the caring to carry the inspiring story, their story, state to state, town to town, to tell others, to enlist the uncaring . . .

How did the story of the Good Samaritan end?

"Go thou and do likewise."

MESKILL BILL WOULD DOUBLE PERSONAL EXEMPTIONS FROM INCOME TAX

Mr. DUNCAN. Mr. Speaker, I ask unanimous consent that the gentleman from Connecticut [Mr. MESKILL] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. MESKILL. Mr. Speaker, on the opening day of the session, I introduced the first bill of my legislative program. This measure would double the personal exemption allowable under the income tax law—from \$600 to \$1,200. I chose it for my first bill in Congress for the reason that I consider it to be one of the most important tax reforms we can make.

The \$600 exemption has been in existence since the days of the great depression. The exemption is supposed to bear some relationship to the cost of feeding, clothing, and educating each member of a family. In 1933, \$600 was considered a reasonable allowance for this purpose.

Since that time, however, as we are all too painfully aware, the cost of living has nearly tripled. Federal red-ink spending has so raised the cost of living that the \$600 exemption is hardly more than a token gesture. Although the administration has declared the level of poverty to begin at \$3,000 a year, in its tax policies it seems to claim that a person can live on \$600 a year. Of course, this is absurd.

Ideally, the exemption should be set much higher than the \$1,200 proposed in

my bill. But my proposal would grant an urgently needed measure of relief without too great an immediate reduction in the Federal revenues. The loss of revenue resulting from my bill could be more than offset by cuts in unnecessary spending. Clearly, if more of a wage-earner's income were left for him to spend in raising and educating his family there would be less need for the Government to assume these burdens and, therefore, less call for inflated Government spending.

THE PERCY PLAN: AN IMAGINATIVE PROPOSAL FOR LOW-INCOME HOMEOWNERSHIP

Mr. DUNCAN. Mr. Speaker, I ask unanimous consent that the gentleman from New Jersey [Mr. WIDNALL] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. WIDNALL. Mr. Speaker, in the past year, members of both parties have begun a long overdue appraisal of the crisis in our cities and of our urban programs which have too often failed to live up to expectations. As ranking member of the Banking and Currency Committee and Special Housing Subcommittee, I have welcomed this new examination, and joined in the search for new answers to old problems. What is clearly needed is some new approach, some new catalyst by which we can benefit our cities and assist our low-income citizens by bringing them into a position of economic self-sufficiency and responsible participation in the affairs of their communities and Nation.

Last September, CHARLES H. PERCY, now the newly elected junior Senator from Illinois, advanced a plan for making homeownership available for families, who cannot now afford its advantages. Eight months of staff work and extensive consultations with experts in many fields have produced a detailed outline of the suggested proposal. As one who has worked in the field of housing for 14 years, I find the suggestions imaginative and realistic.

On the first day of hearings before the Ribicoff subcommittee investigating urban problems, this past August, I testified and noted that "we have been ignoring our two greatest assets in the fight to save our cities—the present, salvable structures and neighborhoods, and the people themselves." After urging an examination into the motivations of people in our deteriorated and deteriorating core city areas, I suggested that four factors would undoubtedly come to light:

First, a desire to be respected and to gain self-respect. Second, a realization that financial security and the improvement of financial position through a job is one way to build respect. Third, a growing awareness that there is a need for education, for training, for schooling that will enable employment to be obtained. Finally, the search for some reason, materialistic if you will, for taking the acceptable route to winning respect. And I would suggest that for many of those who live in a world of buying on time, of renting a place to live, the goal of

ownership of some significant thing, such as a home, might be a catalyst to a whole new way of life.

Senator PERCY's proposal for low-income homeownership builds on these motivational resources among our low-income citizens. The plan is based on four irrefutably sound premises:

First. The premise that the promise of homeownership provides a meaningful incentive to the initially lower income family to spur its efforts to climb the ladder to economic security and responsible citizenship.

Second. The premise that housing programs must be completely dovetailed with other programs affecting the inhabitants of slum areas, such as basic education, job training, credit counseling, employment, and the like.

Third. The premise that the responsibility for promoting homeownership and slum rehabilitation should fall to the nongovernmental sector of the economy, with Government providing reinforcement and guarantees, but not execution and control.

Fourth. The premise that no program for advancing the fortunes of slum dwellers can be meaningful or effective unless the slum people themselves have a direct and specific involvement in its planning, policymaking, and execution.

The Percy proposal calls for the creation of a private nonprofit National Home Ownership Foundation, Inc., or NHOFF. This foundation would have three essential functions. First, it would include a bank for making low-interest loans to local neighborhood organizations which involve local slum residents in efforts to upgrade their housing and become its owners. Second, it would offer the technical and managerial assistance needed to enable these local organizations to conduct well-conceived and managed programs. Third, it would assist local organizations in obtaining the governmental and private funds needed to conduct a supporting program of job training, basic education, job placement, homeownership counseling, and the like, without which homeownership itself cannot be made a realistic possibility for lower income families.

There is nothing partisan or idealistic about this approach. It builds on the experience of privately financed, privately organized pilot programs such as Flanner House Homes, Inc., in Indianapolis, the Bicentennial Civic Improvement Corp. in St. Louis, and the Interfaith Interracial Council of the Clergy effort in Philadelphia. The promise of a broader, national approach is implicit in the plan. Indeed, Senator PERCY labeled his speech introducing the programs as "A New Dawn for Our Cities."

By no means is this proposal the only suggestion worth considering in our attack on the problems of the cities. Other plans have been suggested to enlist private enterprise in industrial and commercial development in slum neighborhoods, or to contract for manpower training and similar forms of technical assistance to local groups or business concerns, or to involve the residents of the area directly in the rehabilitation of their neighborhoods. These are all compatible, however, with the goal of low-

income homeownership. Practical as the New Dawn plan is in concept, it is its usefulness as a vehicle for generating new ideas, new discussion on the urban problems facing the Nation that is of critical importance. The service Senator PERCY has performed in providing the skeleton on which a bold new idea can be built deserves the gratitude of concerned citizens and public officials alike.

I ask unanimous consent that the outline of the Percy plan be included in the RECORD at this point, together with Senator PERCY's speech of September 15, 1966. The material follows:

A NEW DAWN FOR OUR CITIES

(A revised outline of a home ownership achievement plan first described by Charles H. Percy, now United States Senator, in an address to the Kiwanis Club, Chicago, Illinois, September 15, 1966.)

I. THE BASIC PREMISES

A. Home ownership is both a product of and an important means of encouraging certain values, among which are:

1. Human dignity and self-esteem.
2. The motivation to achieve.
3. A feeling of security and "roots."
4. Community responsibility and stability.
5. The physical preservation and improvement of residential neighborhoods.
6. The encouragement of participation and leadership in community activities.

B. Home ownership can and should be made available to families whose present incomes and circumstances do not permit them to become home owners.

C. A sound home ownership program for initially lower income families must contain a number of components designed to prepare the families for improving their economic security and accepting the responsibilities associated with home ownership. These components include:

1. Adult basic education, including instruction in the simple skills and manners needed in seeking employment.
2. Training in job skills for which there is an identifiable local need.
3. Assistance in obtaining suitable and productive employment.
4. Continuous counseling with employee and employer to ensure advancement in skills, income, and opportunities on the job.
5. Counseling of the entire family in the responsibilities of home ownership, including financial obligations, insurance, taxes, home economics and credit buying.
6. Encouraging the families to take part in worthwhile community activities and to help others achieve their full potential.

D. The responsibility for conducting a national program of home ownership for initially lower income families should lie with the non-governmental sector, including both private enterprise and non-profit organizations and groups. The role of government should only be one of reinforcement and guarantee, rather than execution and control.

E. Emphasis should be placed upon the upgrading of whole neighborhoods through housing rehabilitation and construction, not just on upgrading isolated units.

F. Concurrent with the physical improvement of the neighborhood must be a corresponding emergency of community spirit and joint action for community improvement by the residents themselves. Neighborhood residents and their ministers, educators and other leaders should play the leading role in the development and execution of neighborhood improvement projects.

G. Insurance to protect homeowners against foreclosure due to curtailment of income through ill health or economic recession should be made available, in addition

to the more common insurance to protect mortgagees against financial loss.

H. No feasible proposal can realistically promise to rebuild our cities and cure their accumulated social ills overnight. But a major effort should begin now to encourage a rapid acceleration of new activity in this field, especially by the non-governmental sector of the economy.

II. THE NATIONAL HOME OWNERSHIP FOUNDATION, INC. (NHOFF)

A. Organization:

NHOFF would be a private nonprofit corporation. Since NHOFF would have the benefit of certain governmental guarantees, tax advantages, and delegated obligational authority, its corporate charter would provide for some public participation through the appointment of one-third of the Board of Directors by the President of the United States, with the advice and consent of the Senate.

The remaining Directors would be national leaders drawn from the ranks of business, labor, foundations, religious organizations, universities and civic groups. Initially these persons would be those who joined together to serve as the steering committee for the establishment of NHOFF.

Eventually, however, it would be desirable for the Local Nonprofit Housing Associations (LNHA's) served by the NHOFF to have a voice in establishing the policies of NHOFF. This could be achieved in the following way: Those LNHA's carrying out programs with NHOFF aid would form a National Home Ownership Congress, analogous to the National Rivers and Harbors Congress in the United States or the non-profit housing association federation in Denmark.

Each year, as the staggered terms of some NHOFF Directors expire, the National Home Ownership Congress would propose a list of persons deemed well qualified to serve as Directors. From this list the NHOFF Board of Directors would co-opt replacements. The President of the United States would of course have the option of making his appointments from the same list, selecting so as to give proper balance to the NHOFF Board.

Alternatively, the NHOFF Board could propose a slate of Directors for appointment to the National Home Ownership Congress. The Congress could then vote yes or no on each, similar to the system used in many states for the retention of judges.

All NHOFF activities would be made subject to the auditing and accounting practices of the General Accounting Office. NHOFF would be required to make a comprehensive annual report to Congress and the public.

B. Functions:

1. To encourage and assist in the formation by local citizens and organizations of Local Nonprofit Housing Associations. Such local associations (whose activities, as will be seen, would go far beyond just housing) could serve an entire city, a neighborhood within a city, or even in some cases a rural area.

2. To give LNHA's technical assistance in designating their programs; in particular, making readily available the experience of similar groups and relevant research findings.

3. To train and refer executive and administrative personnel, including graduate level interns, on request to help LNHA's conduct their programs.

4. To assist LNHA's and their local contractors to secure needed financing through loans and grants.

5. To make direct loans to qualified LNHA's for the rehabilitation or construction of low cost housing for sale to families taking part in the LNHA's home ownership preparation program.

6. Using its blanket obligational authority, to channel funds to LNHA's from existing government programs such as OEO Community Action, Small Business loans, Adult Basic Education, Manpower Development and Training, home improvement loans, and open space development.

7. To assist LNHA's in applying directly for such government aid.

C. Financing:

1. The Home Ownership Loan Fund (HOLF) within NHOFF would be capitalized by selling debenture bonds to:

a) Commercial lending institutions such as banks, savings and loan associations, and insurance companies.

b) Labor union pension and retirement funds.

c) Private business.

d) University and religious group endowment funds.

e) Federal, State and local public bodies and agencies.

Such debenture bonds would bear a fixed rate of interest and would have staggered maturity dates. HOLF would retain the option of calling in the bonds for redemption. The interest rate on the bonds would be fixed to ensure a yield to the buyer equal to that of prime commercial bonds of equal term. In the unlikely case of default, bond holders would have the option of exchanging HOLF debentures for equivalent government securities.

In the case of bonds sold to institutions for which interest income is not taxable (such as pension funds), this rate would be the current market rate. Bonds sold to buyers who are required to pay tax on interest income (such as commercial banks and insurance companies) would be tax exempt. The rate on these bonds would be that needed to produce a yield equal to the after-tax yield from bonds whose interest is taxable at the maximum corporate rate.

Initially, the Federal government would purchase some \$24-100 million in HOLF debentures to provide immediate seed money capital for loans to LNHA's. As private lenders bought bonds from HOLF, the initial Federal subscription could be retired, as has been done with the Federal farm credit banks.

If the rate at which loans are made by NHOFF exceeds the rate at which new capital subscriptions are obtained, it will be necessary for NHOFF to enter the secondary mortgage market to convert its accumulated mortgage paper into capital for new loans. In such a case, the Federal National Mortgage Association (FNMA) would be committed to purchase up to some specified amount of NHOFF mortgages from its Special Assistance Funds.

2. The Administration and Technical Assistance Fund would be financed by grants and bequests from foundations, private donors, and, if necessary, government. This Fund would aid LNHA's in developing sound programs in their communities and secure competent staff personnel. The Fund would be authorized to make short term loans to facilitate surveys, architectural studies, and similar program planning needs.

3. The Training and Counseling Fund would help LNHA's set up and finance job training, basic education, counseling, community development and similar programs. The Fund's experts would seek to develop effective use of private resources and the maximum cooperation of the private sector in helping LNHA's set up these programs. As a supplement, however, the Fund would have the delegated authority to obligate specified amounts of funds from existing Federal programs, such as the Economic Opportunity Act, the Manpower Development and Training Act, and the Small Business Act, to LNHA's where appropriate. (This blanket authority is already enjoyed by certain local public agencies under the OJT provisions of MDTA, for example.)

III. THE LOCAL NONPROFIT HOUSING ASSOCIATION (LNHA)

A. Organization: A nonprofit group or corporation organized by local people to conduct and coordinate home ownership, housing rehabilitation, basic education, job

training, family counseling, and similar programs for neighborhood residents. Insofar as possible lower income families from the neighborhood would be expected to play an active part in establishing the LNHA and determining its policies.

B. The Basic Procedure:

1. LNHA enlists the participation of neighborhood families (from middle income down to the "poverty" or public housing-eligible levels) that show promise of ability and desire to improve their economic level, and begins to counsel them in the practice, responsibility, and advantages of home ownership. No LNHA could deny any local family the opportunity to participate by reason of race, creed, color or national origin. Each LNHA would develop its own criteria for the enlistment of participating families; families seeking to participate would be screened by a LNHA committee including members of families already taking part in the program.

2. LNHA recruits and provides basic education to unskilled and unemployed persons, preparatory to their enrollment in on-the-job training programs in housing rehabilitation skills. In many, but not all, cases these persons would be the breadwinners of families preparing for eventual home ownership.

3. LNHA, using a NHOFF loan, acquires blocks of buildings in declining neighborhoods from local governments or private owners. The below-market interest rate on the NHOFF loan (made possible by its tax-exempt financing) would be determined by such factors as the borrower's purchase and rehabilitation costs, the incomes of the prospective home buyers taking part in the program, the need for rehabilitation and improvement work in the area, and the extent of state and local tax assistance. Consideration would also be given to the needs of the Fund to continue to attract capital and to the composition of the Fund's bondholders. Where LNHA acquires inhabited dwellings, it would assist in the relocation of the families displaced until decent housing is available.

4. LNHA contracts with local contractors for the rehabilitation of the dwellings into decent housing, according to a neighborhood development plan which makes allowance for such features as green space and recreational areas. Contractors and subcontractors would be required to provide on-the-job training in rehabilitation and construction skills to trainees already enrolled in the LNHA's preparatory program. This on-the-job training by contractors would be aided by tax credits, as proposed in the Human Investment Act now before Congress. Rehabilitation mechanics and trainees should where possible be allowed to convert the value of their labor into "sweat equity" in their own homes.

5. The contractor obtains a regular bank loan at market rate, rehabilitates the dwellings using low-cost techniques, and presents his bill to LNHA.

6. LNHA uses the remainder of the NHOFF loan to pay the contractor and settles previously enlisted and counseled families in the new dwellings.

7. Once the home buyer has accumulated a small down payment (either in cash or in "sweat equity"), he buys his house or condominium unit from the LNHA. The LNHA transfers the mortgage thus obtained to the NHOFF in repayment of the original loan. The buyer makes his monthly payments to a local mortgage management institution with which NHOFF (Or FNMA, if NHOFF sells the mortgage on the secondary market) has contracted for management purposes. Every five or ten years the buyer would be required to refinance his mortgage to reflect his current economic position.

8. Once the sale of a unit is made to an individual buyer, LNHA arranges with NHOFF for the new owner to sign up for mortgage

payment insurance, to protect him against foreclosure if he should become unable to make payments due to reasons beyond his control, such as ill health or economic recession and layoff.

9. Once the sale is complete, LNHA would continue to counsel the new home owners and their families (as well as the other owners in the neighborhood who did not undergo the LNHA program) to enable them to take maximum advantage of opportunities and to manage their investment effectively and wisely. An important part of this continuing counsel would be education in credit buying, especially in home improvements, to prevent the exploitation of relatively inexperienced home owners by unscrupulous salesmen.

10. The LNHA would take the lead in encouraging and sponsoring community activities and group organizations, taking special care to promote the involvement of the new home owners in helping others just entering the program.

11. The LNHA would continue to assist trainees completing their on-the-job training to enroll in the regular apprenticeship programs sponsored by local unions.

C. Other LNHA Programs: In addition to the Basic Procedure envisioned above, an LNHA might choose to conduct a number of additional programs. For instance:

1. Sponsor new construction for rental or sale as well as or in place of rehabilitation, where circumstances make that approach more feasible.

2. Create new recreational and open space areas in the project area, including the establishment of a common "green" in the interior of blocks and the transformation of existing streets into pedestrian malls.

3. Sponsor the conversion or construction of a neighborhood center, offering recreational opportunities and social services and serving as a center for community activities.

4. Rehabilitate retail business properties within the neighborhood for sale to small businessmen serving the area's residents, and assist them to obtain small business financing and technical assistance from private and public sources.

5. Assist local business firms and other organizations in setting up effective job training programs for area residents.

6. Assist in the formation of cooperatives to buy multifamily buildings or entire blocks of buildings for cooperative ownership.

7. Assist in the formation of other needed services for area residents, such as cooperative food buying, credit unions, medical and dental services, day care programs, etc.

8. Sponsor the conversion of existing public housing buildings into owner cooperatives.

9. Assist individuals to become owners of their public housing units, in exercising lease-with-option-to-purchase options under existing Federal leased housing and rent subsidy programs, and converting existing multifamily rental buildings to condominium ownership.

10. Sponsor recreational and social events such as athletic leagues, bridge clubs, festivals, etc. in the neighborhood.

D. Local Financing: The LNHA's administrative costs would be met from contributions raised locally from businesses, foundations, local government, and private donors. Since mortgage management, technical assistance and research are borne by NHOFF, and training and counseling programs are funded through private and existing government programs, office and secretarial costs should form the bulk of the LNHA's locally subscribed expenses.

IV. THE BALANCE SHEET WITH GOVERNMENT

There are a number of ways in which government can provide significant assistance to this plan. As presented, four forms of Federal assistance are envisioned:

A. Interest on NHOFF debentures would be tax-exempt, like State and municipal bonds.

The Treasury would forego the opportunity for collecting the tax on the interest that taxpaying lenders would receive were the funds invested in customary commercial ventures.

B. The initial Federal seed money subscription to HOLF could be repayable without interest as private subscriptions are obtained.

C. Urban Renewal funds would be used to help local public agencies acquire building shells in Urban Renewal or concentrated code enforcement areas for low-cost resale to LNHA's, and in demolition of unsound structures in those areas.

D. In the unlikely event of default by HOLF, the government would permit the exchange of HOLF bonds for equivalent government securities.

In addition to these forms of indirect governmental assistance, a mix of additional aid might be required to make possible effective action under a wide variety of circumstances. Included might be the following:

E. Federal subscription to HOLF at below-market rates.

F. Authority to FNMA to purchase at par NHOFF mortgages bearing below market interest rates (as is presently done for Sec. 221 (d) 3.3% mortgages.)

G. FHA assumption of the mortgage payment insurance for individual home buyers, thus spreading the risks over all FHA borrowers.

H. Local property tax abatement for a given period, or a tax freeze at pre-rehabilitation levels (where permissible under state law.)

On the other side of the ledger, numerous tangible advantages would accrue to the various levels of government from successful execution of the plan, even leaving aside the intangible values of enhanced opportunity and social welfare.

A. Individuals counseled, trained, and placed in steady employment would pay income and other taxes.

B. The enormous social costs of unemployment would be reduced.

C. The construction and rehabilitation program would generate taxable business income for the local construction and building materials industry.

D. Declining property values in the neighborhood would be arrested.

E. The incentives to independent action contained in the plan would reduce the need for increased public spending on such things as public housing.

V. ADVANTAGES

A. The plan would for the first time make the advantages of home ownership available to families who, because of their present economic status, cannot become home owners.

B. The plan would make a major contribution to the redevelopment and restoration of presently declining and blighted areas in both large and small cities.

C. The plan would increase the opportunities for basic education, job training, counseling, etc. for lower income families as part of an effective, integrated program.

D. The plan would help private enterprise to create vitally needed jobs in housing rehabilitation and other fields for previously unemployed and underemployed persons.

E. The plan would increase business opportunity for and make technical assistance available to small local contracting firms, many of them minority groups owned.

F. The plan, by placing primary reliance on the private sector of the economy, would encourage new non-governmental efforts to meet human needs.

G. The plan would be attractive to lenders because it promises a competitive yield and no risk, in addition to its social and philanthropic appeal.

H. The plan would lead to additional tax revenue through the enhanced stability and earning capacity of the families involved.

I. The plan would operate to discourage

social disintegration, vandalism, riots, and insurance losses by making possible a significant increase in resident-ownership and by generating in neighborhood residents a new sense of responsibility and personal aspiration.

J. The plan would encourage once-poor families to participate in LNHAs and community development activities and to help others advance along the same path.

K. The plan would generate new business for local lending institutions from whose funds contractors would finance the rehabilitation, and who would be called upon to service the resulting mortgages.

L. The plan, by opening up a mass market for housing rehabilitation products and techniques, would stimulate technological advances in those fields.

M. The plan would create a powerful national organization, the NHOF, to aid LNHAs in overcoming bureaucratic obstacles to obtaining governmental aid under existing training, anti-poverty, and similar programs.

N. The plan would provide an attractive alternative to the growth of additional public housing and rent subsidy programs.

VI. POSSIBLE STEPS FOR EFFECTUATING THE PROPOSAL

A. Form a National Home Ownership Committee of national leaders from business, labor, the professions, foundations, civil rights and civic organizations, and Congress to promote the establishment of the NHOF and become its incorporators and initial Directors.

B. Obtain a Congressional charter incorporating NHOF, providing for Presidential appointment of one third of the Directors, GAO accounting and auditing procedures, and an annual report.

C. Enact Federal legislation to:

1. Make interest from NHOF debentures tax exempt.

2. Capitalize the NHOF during the initial period until private funds are available to retire the government subscription.

3. Amend the Urban Renewal laws to permit the use of urban renewal funds for acquisition of building shells for LNHA rehabilitation in areas not presently designated as urban renewal or concentrated code enforcement areas.

4. Amend the FNMA laws to provide the FNMA purchase of a specified amount of NHOF-held mortgages in order to revolve the financing funds.

5. Amend such acts as MDTA, the Economic Opportunity Act, the Small Business Act, and the Public Works and Economic Development Act to permit NHOF to obligate program funds for appropriate programs conducted by LNHAs (with the actual contract entered into between the LNHA and the Federal agency.)

6. Authorize the holders of defaulted NHOF bonds to exchange them for equivalent government securities.

7. Provide tax credits to business to encourage job training, along the lines of the Human Investment Act now before Congress.

8. Provide if necessary such additional government assistance as discussed in Part IV to keep the carrying charges of LNHA dwellings within reach of lower income families.

D. Organize the NHOF and begin operations.

VII. SUMMARY

The plan spelled out above is not presented as the ultimate scheme for achieving the goals set forth, nor is it presented as an overnight panacea for urban ills. Obviously innumerable options are available throughout the entire procedure. Full public and Congressional discussion of this proposal, along with other similar proposals now being advanced, can be expected to yield the optimum combination of ingredients for a sound, workable program.

The extent to which overt governmental

assistance will be necessary to bring decent housing within the reach of families who can afford to spend no more than about \$70 a month for housing (corresponding to an annual income of \$3,360, using FHA's assumption of one fourth of income for housing) is a matter for the most serious exploration. To achieve this end under the proposal set forth several elements are included:

A. low interest financing—achieved in the plan by introducing the tax exempt feature and default guarantee for NHOF bonds

B. low acquisition cost—achieved in the plan by urban renewal assistance where suitable buildings are otherwise unobtainable

C. low cost of rehabilitation materials—achieved by the promise of opening up a major new market, encouraging the development of new projects and techniques

D. low cost rehabilitation labor—achieved by training low-skill workers to become rehabilitation mechanics whose pay scales would not reflect master craftsman rates (except where licensed tradesmen are required.)

E. low taxes and insurance—achieved by tax abatement or freeze and the improvement of neighborhood stability and cohesion

F. where feasible, the substitution of "sweat equity" for mortgage financing.

Experience in at least two programs (Philadelphia and St. Louis) where the Basic Procedure was put into operation has produced the sale of decent housing units to lower income owners at carrying charges (including principal, interest, taxes and insurance) of between \$50 and \$65 a month without any government subsidy. This proves what can be done in at least some central city areas when the private sector is mobilized to make a determined effort. The whole plan presented here is designed to amplify these successful programs and adapt them to every urban area in America, choosing in each case the proper mix of aid required to achieve comparable results.

Of absolutely crucial importance to any such program is the central element of home ownership. For a man who owns his own home acquires a new dignity. He begins to take pride in what is his own, and pride in conserving and improving it for his children. He becomes a more steadfast and concerned citizen of his community. He becomes more self-confident and self-reliant. Becoming a homeowner transforms him. It gives him roots, a sense of belonging, a true stake in his community and its well-being.

Helping those who are now poor to advance to responsible home ownership is not a task to be underestimated. Many obstacles—not the least of which is the ingrained suspicion of the hard core poor themselves—will be encountered. But the time has now come for home ownership—whether single family homes, condominium units, or cooperative—to be made available to every aspiring American family that seeks it and can benefit from it. This home ownership achievement plan is no more than an attempt to mobilize the private sector, with government reinforcement at crucial spots, to make America increasingly a nation of home owners.

APPENDIX—SELECTED HOME OWNERSHIP PROGRAMS

(Prepared by U.S. Senator Charles H. Percy, January 1967)

Interfaith Interracial Council of the Clergy
Address: 1528 Walnut, Philadelphia, Penn., 215 PE 5 4444.

Administrator: Samuel Alper.

Type of project: row houses; rehab.

Initiation: 1964.

No. of units: 34 to date.

Acquisition: from city and private owners.

Acquis Cost: \$500-1500/unit.

Labor: ½ from vicinity.

Finished cost: \$5000-9000.

Mortgage: FHA (203+) 30 yrs. 6%.

Down payment: \$200-300.

Monthly charges (Mortgage, taxes & insurance): \$53.

Features: new kitchens; oak flooring; new wiring & plumbing; carpets, cement basement; tree.

Supporting Activities: home ownership classes credit union.

Participant's Income: \$3000-6000.

Bicentennial Civic Improvement Assn.

Address: 2332 Mullanphy, St. Louis, Mo., 314 GA 1 0309.

Administrator: Lawrence Crell.

Type of project: row & single family; rehab.

Initiation: 1963.

No. of units: 57 to date.

Acquisition: from city and private owners.

Acquis Cost: \$1200-2000/unit.

Labor: all from vicinity.

Finished cost: \$5000-7000.

Mortgage: no FHA; 15 yrs. 6%.

Down payment: 20% (loaned by BCIC).

Monthly charges (Mortgage, taxes & insurance): \$45-70.

Features: new wiring & plumbing; central heating, etc.

Supporting Activities: home ownership classes; adult ed. job training; neighborhood center; citizenship.

Participant's Income: \$4000-6000.

Flanner homes

Address: 333 W. 16th, Indianapolis, 317 635 7586.

Administrator: T. H. Simpson.

Type of project: Single family new const.

Initiation: 1950.

No. of units: 331 to 1964.

Acquisition: from city Redev. Comm.

Acquis Cost: n.a.

Labor: cooperative teams.

Finished cost: \$13,500 (including \$3000 sweat equity).

Mortgage: some FHA; 20 yrs.

Down payment: \$500 plus sweat equity.

Monthly charges (Mortgage, taxes & insurance): \$75.

Features: new wood const.

Supporting Activities: neighborhood house with many services.

Participant's Income: \$3800 median.

A NEW DAWN FOR OUR CITIES—A HOME OWNERSHIP ACHIEVEMENT PLAN

(An address by CHARLES H. PERCY, Republican candidate for the United States Senate to the Kiwanis Club of Chicago, September 15, 1966)

Of all the problems facing the nation within its borders today, none is greater than the challenge of our cities. Seventy percent of all Americans now live in urban centers of 2500 or more, and 53% live in the great metropolitan centers. Though the growth of the city has contributed much to American economic strength, it has also brought serious problems.

Traffic clogs our streets.

The smoke and soot and smells of our industrial society pollute the air we breathe.

Our lakes and rivers have become sludgy cesspools of raw sewage and industrial waste.

Too much of our green space has given way to the axe and grader; our children play on treeless concrete prairies, or in the streets themselves.

Once stately and respectable dwellings, as the decades pass, decay slowly—and sometimes rapidly—into wretched slums.

Buildings that could be saved fall before the urban renewal bulldozer, and the splendor of high-rise apartments for the well-to-do masks the dejected exodus of the uprooted poor.

THE HUMAN PROBLEMS OF OUR CITIES

And as whole neighborhoods degenerate, their inhabitants grow weary with despair. Their bright dreams fade; their courage flags; their self-reliance flickers and dies. And the result is all too familiar. It is the psycho-

logical decline of men and women dragged down to despair, prisoners of poverty, seemingly powerless to influence their environment, buffeted back and forth by the winds of the national economy, victims of faceless forces they cannot identify and over which they have no control—free men and women reduced to easy prey for the great dehumanizing political machines, props and not actors on the stage of life.

Many of the physical problems of the city, complex as they are, will yield to the application of genius and money. But the other kinds of problems—the intimately human problems of mass urban society—present a far greater challenge. For while man in recent years has harnessed the power of the atom and brought back astronauts from outer space, we have found no ready explanation of the subtle mysteries of the human spirit; and yet a *New Dawn for our cities depends on a rebirth of the spirit in those whom progress has passed by.*

To meet these human problems of urban society, then, we must create and fortify a new spirit of independence, of self-reliance, of self-esteem, of human dignity, of creative initiative in the people who dwell there. Throughout the history of America, one vital concept stands out as a means of forging those values.

HOME OWNERSHIP—AN AMERICAN IDEAL

That cherished concept is Home Ownership. Ever since the Pilgrims set foot on Plymouth Rock, home ownership has been an integral part of the American Way of Life. Long before the rise of the great cities, our forebears came to America because America held forth the bountiful promise of land—land a man could afford, land whose produce could make a man independent of the great lord of the estate, land on which a man could build his own home and there raise his family in self-reliance and security.

By contrast, our forefathers took a scornful view of tenantry. "Tenantry is unfavorable to freedom," wrote Senator Thomas Hart Benton of Missouri in 1826. "It lays the foundation for separate orders in society, annihilates the love of country, and weakens the spirit of independence. The tenant has in fact no country, no hearth, no domestic altar, no household god. The freeholder, on the contrary, is the natural supporter of a free government, and it should be the policy of republics to multiply their freeholders, as it is the policy of monarchies to multiply their tenants." Making the public lands available to homesteaders, Benton argued, "brings a price above rubies—a race of virtuous and independent farmers, the true supporters of their country, and the stock from which its best defenders must be drawn."

A century and more ago, the issue was between freehold and land tenantry. Today, in urbanized America, the context is different, but the basic principle involved is exactly the same. The freeholder of the 19th century becomes the home owner of the 20th, and the tenant farmer of an earlier day becomes the man with no choice but to rent his dwelling from another. Just as the giants of the 19th Century favored freehold, the leaders of the mid-20th must fight with determination to bring the opportunity to actual home ownership within the reach of every American.

For a man who owns his own home acquires with it a new dignity. He begins to take pride in what is his own, and pride in conserving and improving it for his children. He becomes a more steadfast and concerned citizen of his community. He becomes more self-confident and self-reliant. The mere act of becoming a homeowner transforms him. It gives him roots, a sense of belonging, a true stake in his community and its well-being. And as it does so, the nation gains in strength.

Thus, home ownership must be a central element in any program for resurrecting

America's cities and giving new life to its people; not only for the well-to-do, with their luxury apartments, nor even for the middle class, with modest homes in well-maintained neighborhoods, but also for poor people who now live in the great blighted areas of city slums.

Can it be done? Is it really possible that men and women with low incomes can become the owners of their own homes?

There are many who say that the economics of urban housing rules out home ownership for all but the middle class and the rich.

But when asked for their answers to the problem of rebuilding our cities and helping the poor to rise out of poverty, they offer only the dreary and unimaginative solutions of the musty past, solutions that have all too often proven as undesirable as the problems they were supposed to solve.

THE ANSWERS OF THE PAST

Poor people, they say? Let us rip out blocks upon blocks of their miserable slums. Let them crowd in with their relatives for a while, and then herd them into twenty story concrete cages, isolated from established neighborhoods. And then let us investigate them regularly to make sure they are not putting anything over on us, and let us evict them when their incomes rise. Or instead of putting them in public housing, they say, we will put them in subsidized private housing and hand them an unceasing dole to pay their rent. The mere fact that this latter scheme was considered by many to be an advance points out the bankruptcy of creative thinking in this area.

Is it any wonder that our three-story walkup slums have in many cases been replaced with twenty-story high-rise slums? These new quarters may have less rats than the old, but the crucial element of human dignity has been shoved aside in the rush to pile new concrete to the sky. Indeed, in many cases, the people packed into public housing are worse off than before; and the planners scratch their heads and wonder why.

The reason is not hard to discover. Poor people living in a landlord's slum and those living in a public housing cell block have one thing in common—they are the slaves rather than the masters of their environment. They are not tenants by choice, but by necessity. They have nothing of their own, nothing to cherish or protect. They are on the bottom of not only the economic heap, but the psychological heap as well.

If the skepticism of those of little faith was well-founded, we would have to resign ourselves to this unhappy state of affairs. But it is not.

A NEW DAWN OF OPPORTUNITY

I am proposing today a new Republican approach to meeting the challenge of our cities and their people—a plan that will make possible a New Dawn of opportunity for the thousands of today's poor people who yearn to own their own homes.

It is fitting that Republicans now come forth as champions of home ownership for all, regardless of income, race, sex, or faith. For over a century ago, the Republican Party swept to victory with Abraham Lincoln on a platform promising to open the Western frontier to the new immigrants seeking the independence of owning their own farms. The objective of the Republican Party of 1860 was to ensure that free men and freeholders settled the new states of the West, in order that the advance of slavery might be halted. In this they were bitterly attacked by the Democratic Party of their day. President Buchanan vetoed the first Homestead Act to pass Congress. Senator Mason of Virginia pointed out rightly that advocacy of free homesteads was a "political engine" adopted by the newly formed Opposition to his Democratic Party. "What is the Opposition?" he cried. "A party calling themselves the Re-

publican Party. What is their purpose? To get control of this government that they may act directly on the condition of African bondage in the southern states."

Both purposes of the Homestead Act were achieved: The spread of slavery was halted, and then abolished altogether by a Republican President and Congress. And free men went forth to settle the great prairies of the Middle West—men who did much to continue our national character in the mold of independence and self-reliance.

Today slavery of one man to another is gone, as is all but a remnant of the public homestead lands. But can a man forced to live beholden to an absentee landlord in a ghetto slum, or regimented in the gray walls of a city-managed poverty village, be truly free?

While the Democratic Party explores new ways of making the poor man not merely dependent, but doubly dependent—once on the landlord and once on the dole—the Republican Party must again lead the way to a New Dawn of opportunity for the poor but honest man in whose heart still burns an unquenchable spark of pride—a golden opportunity to own a decent home of his own. Instead of a sod hut on the open prairie or a log cabin in the forest, his home may be a city house, an apartment in a multi-family building, or perhaps a condominium unit. But the values of home ownership on the prairies of 1866 and in the cities of 1966 are the same, and so is the promise: a rebirth of the human spirit and, with the passage of time, a rebirth and flowering of America's great cities.

NOW—A DETERMINED NATIONAL EFFORT

Some will say this cannot be accomplished. I say it can be accomplished and it has been accomplished where men of imagination and determination have insisted that it be accomplished. All that needs to be done is to launch a determined national effort involving private business, unions, churches, foundations, civic organizations, governments, and the poor people themselves to make this goal a reality.

Now let me tell you the basic premises on which this plan is based, and some of the concrete details on how it will work.

The first premise is that home ownership, as a means of encouraging human dignity, personal achievement, social stability, the physical improvement of our cities, and community participation and leadership, must be made available to aspiring low income families—and by that I mean families now eligible for public housing.

The second premise is that home ownership is an integral concept. It means not just the signing of papers, but the whole process of acquiring a sound basic education, learning needed job skills, gaining employment security, preparing to accept the responsibilities of home ownership, conserving and improving one's community, and helping to broaden the opportunities for one's neighbors.

The third premise is that private business, the independent, nonprofit sector of the economy, and concerned citizens and civic groups must accept the responsibility for putting a program for home ownership into operation. The role of government should be one of reinforcement and guarantee, rather than one of execution and control.

The fourth premise is that essential to the upgrading of neighborhoods through rehabilitation and construction of housing is a corresponding emergence of personal involvement of the residents themselves.

On these premises a sound national effort can be based. As I now envision it, we should proceed along these lines:

A NATIONAL HOME OWNERSHIP FOUNDATION

First, Congress should incorporate a National Home Ownership Foundation, in some ways similar to the Communications Satellite Corporation. The task of the Foundation would be to actively encourage the formation of local nonprofit housing associa-

tions, to provide them with technical assistance, research findings, and trained administrators, and to make direct loans to the local associations for the rehabilitation or construction of housing for sale to lower-income families.

The National Foundation would be capitalized through tax-exempt, guaranteed-return debenture bonds purchased by private business, lending institutions, foundations, private pension and trust funds, and, initially, Federal, State and local government subscriptions. To make adequate capitalization possible will, of course, require that the Administration act swiftly to relieve the present pressure on credit and interest rates, brought about by its failure to take effective fiscal steps to preserve the strength and stability of the economy.

The local nonprofit housing associations would buy up housing shells and other structurally sound but rundown buildings from private owners and municipal governments.

The association would enroll and give basic instruction to unskilled and unemployed men wishing to become rehabilitation craftsmen. It would then contract with local contractors for the rehabilitation of the buildings, with the contractors agreeing to provide regular on-the-job training to trainees who had completed the introductory instruction offered by the association. Efforts would be made by the association to facilitate the entry of trainees who have acquired the basic job skills involved in home rehabilitation into the regular apprenticeship programs of local unions, leading to journeyman qualification.

Meanwhile, the association would enlist the participation of lower income persons wishing to become owners of the completed houses or, in the case of larger multifamily dwellings, condominium apartments. These persons would be counseled in such things as improving their job situations, better home-making, financial record keeping, and neighborhood improvement responsibilities. In many cases, the prospective buyers would be men concurrently taking job training under the association's auspices, who would become rehabilitation craftsmen for the building contractors upon completion of their training. Such persons could be given the opportunity to build up "sweat equity" by contributing their own labor as part of their investment.

The rehabilitated homes or apartments would then be sold to families taking part in the program who had accumulated a small down payment. The participating buyer would be made eligible for a regular FHA home mortgage.

The local association would continue to counsel the buyers even after completion of the sale, and to work with their employers to ensure opportunities for regular advancement, additional job training, and enhanced financial security. Consumer credit counseling and similar services would also be made available.

In order to protect new homeowners who have not yet been able to accumulate adequate savings for paying monthly carrying charges during periods of unemployment due to layoffs, ill health, or other causes beyond the buyer's control, the federal government should establish a system of mortgage payment insurance. The experience of the Federal Housing Administration indicates that such a system of insurance can be established at small cost to the insured homeowners.

Finally, the poor people themselves—now well on their way toward economic self-sufficiency and security—would be given every opportunity to contribute their own talents to helping others follow in their footsteps, and to make each new neighborhood a source of pride for all its residents.

A PROGRAM BASED ON EXPERIENCE

Now this has been a very sketchy presentation of a plan which plainly involves a great many issues and raises a great many legitimate questions. Some will undoubtedly say that this cannot be done. But let me assure you—this plan is not the product of dreamy-eyed idealists.

Every part of this plan has been developed and tested in practice by men of imagination and ability who refused to believe the skeptics who said it couldn't be done.

The program to train rehabilitation experts from the ranks of the unskilled has been tested and proven by the outstanding work of the Rev. Leon Sullivan at Philadelphia's Opportunities Industrialization Center, and by the many projects of the Board for Fundamental Education based in Indianapolis. The Board has also developed the "sweat equity" technique for helping low income workers acquire through their labor the value of a down payment on their homes.

The whole program for acquiring the building shells, contracting for their renovation, and arranging the sale to low-income families has been carried out independently by the Bicentennial Civic Improvement Corporation of St. Louis and the Interfaith Interracial Council of the Clergy in Philadelphia.

And what is perhaps most important, these programs have proven that the national effort I am proposing can be operated on a break-even basis without new government subsidies. Government at all levels would aid through tax advantages, loan guarantees, seed capital, and the rechanneling of existing Federal aid funds through the National Home Ownership Foundation, but the program can be made to work without direct government financing and domination.

There is no single part of this plan that is a brilliant new idea, for every part of it has been tried somewhere and been made to work. What is new, however, is the integration of many programs and proposals into one streamlined, coherent, well-conceived, national program to make home ownership available to lower income families in America's cities.

SOME ADVANTAGES TO BE GAINED

Let me list some of the advantages that this plan would yield.

The plan would for the first time make home ownership and all its advantages available to lower income families.

The plan would make a major contribution to the redevelopment and restoration of presently declining and blighted urban areas.

The plan would increase the opportunities for basic education, job training, counseling, etc., for lower income families as part of an effective, integrated program.

The plan would create useful jobs in private enterprise for previously unemployed persons.

The plan would strengthen small local contracting firms, many of them minority group owned.

The plan would place primary reliance on the private sector of the economy, with little additional contribution by government.

The plan would be attractive to lenders because it promises a fair rate of return and low risk, in addition to its social and philanthropic appeal.

The plan would lead to additional tax revenue through the enhanced stability and earning capacity of the families involved.

The plan would operate to encourage once-poor families to participate in community development activities and to help others advance along the same path.

No more rewarding investment could be made; for the results, in Senator Benton's words, truly bear a price above rubies. It is the price of freedom, of dignity, of independence, of all those values which ensure

security and advancement to the individual and a New Dawn of progress to the society in which home ownership has given him an important and lasting stake.

PRIVATE FINANCING OF THE SUPERSONIC TRANSPORT AIRCRAFT

Mr. DUNCAN. Mr. Speaker, I ask unanimous consent that the gentleman from Ohio [Mr. Bow] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. BOW. Mr. Speaker, I am delighted that the Government has selected the SST airframe and engine contractors to develop and construct the SST prototype.

As the President has said, Congress will be faced with decisions this year concerning the continuation of this important project.

It is a project that will cost billions of dollars, but will yield tremendous benefits in new employment and in business for U.S. industry.

However, I believe that this project should be financed by private investment rather than appropriations, and I believe that this is the only way it can be done under present circumstances.

I am introducing today legislation, similar to my bill in the 89th Congress, to establish a Supersonic Transport Authority, a Government-owned agency, to supervise and privately finance with Government guarantee the development and construction of the SST prototype.

My bill has great merit under any circumstances, but at the present time I believe it is the only way that we can continue the orderly development of an SST.

The pressures of the war in Vietnam and growing inflation at home make it unlikely that Congress would look with favor on a request for up to \$2 billion to do this job.

If it is to be continued, as I believe it should be, it can and must be done with private capital.

I am gratified to note that the New York Times, under date of January 2, 1967, editorially supports many of the principles included in my bill. An open debate is sorely needed on the costs and financing of the SST.

I have urged the President to consider joining in requesting early hearings on the bill. The experts of my staff and the great amount of research Col. W. S. Whitehead and his associates have done on this subject over the past 3 years, are available to those executive agencies having an interest in the SST.

I shall, to the full extent of my ability, press for enactment of this legislation during the first session of the 90th Congress.

My new bill differs in only two provisions from the bill of last year. One, it increases the authorized amount of private investment financing by the SST Authority to \$2.5 billions. The other, exempts the indebtedness issued pursuant to such authorization, from laws ad-

ministered by the Securities and Exchange Commission.

The increase of \$1 billion provided for in the bill covers, first, the capitalization of required interest payments on the Authority's serial development bonds to be sold to the investing public; and, second, the cost of certification for the SST after its construction.

The exemption provision is consistent with practice, where a Government agency creates and issues publicly, its indebtedness. While the Government will guarantee "effectively" or on a "standby" basis, the payment of principal and interest on the Authority's bonds to be outstanding, they will not, nevertheless, be direct obligations of the U.S. Government.

The principal features of my bill are:

First. The administration of the Authority shall be vested in a chairman, having two deputies, each to be appointed by the President, subject to Senate confirmation.

Second. An Advisory Board of five members shall be established to advise the chairman, each to be appointed by the President, subject to Senate confirmation.

Third. The continuity of effective supervision over design refinement and prototype construction shall be assured without interruption during establishment of the Authority.

Fourth. The Authority shall create and issue not to exceed \$2.5 billion principal amount of serial development bonds, which shall be exempt securities within the meaning of laws administered by the Securities and Exchange Commission.

Fifth. The bonds shall be sold to the general public through usual investment marketing channels, and the proceeds used to contract out for the construction of two prototype models embracing the one design selected by the President.

Sixth. The bonds shall not be bonds of the United States, but the United States will "effectively" guarantee the payment of both the principal and interest thereof.

Seventh. The bonds issued and sold shall not be Government obligations and, hence, will not affect the Federal debt structure, unless and except payment of the principal and interest is made with Treasury funds.

Eighth. The Authority shall determine the sources from which revenues will be obtained for the ultimate liquidation of its outstanding bond indebtedness.

Ninth. The sources of revenue may include profits resulting from the commercial production and sale of the SST; royalties on the sales price of each SST; and service charges added to the established tariffs for SST flight users.

Tenth. The Authority shall oversee and effectuate the orderly transition from Government supervision of the SST development, to commercial production and sale by private industry.

Eleventh. The Authority shall oversee the creation and establishment of a private corporate entity to commercially produce and sell the SST; and insure that the investing public be afforded maximum participation in the estimated

\$2 billion of financing required by such entity to engage in production activity.

Twelfth. The Authority shall insure that the services of the prime and principal tier subcontractors utilized in the development phase be continued, together with others, in the production phase.

Thirteenth. The Authority shall insure that all usable real and personal property residuals owned and leased by the Authority during the development phase will be utilized in the commercial production of the SST.

Fourteenth. The title to patents, patent rights, and so forth, created during the development phase, shall remain the property of the United States until liquidation of the total indebtedness of the Authority.

Fifteenth. The exclusive use of the patents, and so forth, shall be assigned to the private corporate entity commercially engaged in the production and sale of the SST.

PRO FOOTBALL COMES OF AGE

Mr. DUNCAN. Mr. Speaker, I ask unanimous consent that the gentleman from Massachusetts [Mr. CONTE] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. CONTE. Mr. Speaker, recently I was the guest of the owners of the Boston Patriots at their second annual Congressional Day game sponsored by the American Football League. I know many of my colleagues were guests at games in their areas and I want to take this means of thanking the owners and the league for myself and in behalf of my colleagues.

Professional football has truly become the all-American game. Football used to be somewhat restricted to the college student or the alumni, but now everyone, whether they have gone to college or not, can "adopt" a team. It was clearly evident at the Boston game that professional football cuts across all strata of our society and provides wholesome entertainment for all.

The American Football League has made outstanding progress during its short life span and we are all looking forward to the Super Bowl game between the Kansas City Chiefs and the Green Bay Packers. Although my favorite team, Boston, is not playing in the Super Bowl game, my sentiments and backing are for the AFL entry. Next year Boston will be the AFL entry.

I count myself among the legion of loyal Patriot supporters who are somewhat puzzled at the final outcome of the AFL regular season. It is frustrating to say the least that Boston, with so much of the league's top horsepower, should have emerged only second best.

The Pat's fine quarterback, "young" Babe Parelli, for example, was voted the comeback player of the year for the AFL. Babe did a masterful job of leading the Patriots all year, displaying a cool-

ness and mastery of the game that few of his colleagues have ever shown.

With Babe in that illustrious backfield was big Jim Nance, a plunging fullback who shattered every ground-gaining record in the league. Jim was voted the most valuable player in the league and reminded many of his NFL counterpart, the great Jim Brown of the Cleveland Browns. It is perhaps no coincidence that both Jim Brown and Jim Nance played college football at Syracuse University.

The Patriots placed more than their share of players on the AFL all-star team this year, with middle linebacker Bonacconti polling more votes than any player in the history of the league.

And, of course, last but by no means least, is their fine coach, Mike Holovak, named by the UPI as the AFL coach of the year. Mike's record this year was a major achievement. He doubled the number of victories the Patriots were able to gain last year and brought his team home a close second in the AFL season. Mike deserves all the credit in the world and certainly we all wish him the best in 1967.

While I am passing out bouquets, a word of appreciation must also go to the Patriots' owner, Mr. Bill Sullivan. Bill has been a tireless worker on behalf of his team, his league, and professional football in general. He was a familiar figure in Washington this past season, working to secure the merger of the two leagues which would restore sanity to the hectic business of signing college players and bring about the Super Bowl game on which the eyes of the sports world will be focused this coming weekend.

Bill is largely responsible for the superb Boston hospitality shown to us during the Congressional Day game and for the continuing community spirit that has encouraged Boston to take the Patriots to their hearts.

Of course, with all of this going for the team, one might well ask: "What happened? Why didn't they win it all?" The answer is not so obscure, perhaps, for anyone who has ever played football. You know that you cannot win them all and that breaks play an important part. A break one way or the other can often spell the difference between victory and defeat.

We are reminded of a famous cliché from another professional sport: "Just wait till next year."

I cannot let this occasion pass without commending the American Football League for the fine and high type manner in which they worked during the recent merger legislation. Harold O. Lovre, a former colleague, represents the American Football League in Washington and he was of special help to me in answering questions and providing information on the merger legislation. Again, I want to thank the owners of the Patriots and the officials of the American Football League for having me as their guest and I am looking forward to next year.

KANSANS OF ACHIEVEMENT IN 1966

Mr. DUNCAN. Mr. Speaker, I ask unanimous consent that the gentleman

from Kansas [Mr. MIZE] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. MIZE. Mr. Speaker, the January 1 edition of Midway, the magazine of the Topeka, Kans., Capitol-Journal, is devoted to the selection of Kansans of the Year. In addition to naming newly elected Gov. George Docking as Kansan of the Year, Midway also cites five other Kansans for achievement in 1966. They are Jim Ryun, of Kansas University, in sports; R. Charles Clevenger, of Topeka, in business; Dr. Ronald W. Livers, of the Fort Hays Experiment Station, in agriculture; Gen. George Eckhardt, of the 9th Infantry Division, in military affairs; and Judge Clark Owens, of Sedgwick County, in law.

Two of these Kansans are from the Second District, and under leave to extend my remarks, I would like to call attention to what Midway had to say about R. Charles Clevenger of Topeka and Gen. George Eckhardt, who trained the 9th Division at Fort Riley and accompanied these gallant men to Vietnam. These tributes follow:

R. CHARLES CLEVINGER, BUSINESS

It's a rare day when R. Charles Clevenger, president of the First National Bank of Topeka, doesn't drop his own work to help work out some knotty problem of the newly-organized Kansas Development Credit Corp.—for free. He is the first president of the corporation, which is credited with having saved or created more than 2,500 jobs in Kansas. The private corporation—initiated by the Kansas State Chamber of Commerce and the Kansas Bankers Assn.—is a credit pool designed to supplement, not replace, existing channels to provide loans to sound Kansas industries in cases where normal bank credit may not be available. Clevenger went to Boston in 1965 to study similar corporations and to make a feasibility report to KBA. He is considered a key figure in getting KDCC underway. Since it became operative in September, 1965, 405 Kansas banks have agreed to loan KDCC \$5.7 million. Of this, the corporation has loaned or committed itself to loan \$2.5 million to 35 manufacturers, mainly in small communities. These industries are expanding and adding people to their payrolls. For the many hours he has spent on KDCC and for his other business and community activities, Charles Clevenger has been selected Midway's Kansas Businessman of the Year for 1966.

GEORGE S. ECKHARDT, MILITARY

Maj. Gen. George Stafford Eckhardt, rugged commander of the 9th Infantry Division in Vietnam, is Midway's Kansan of the Year in military affairs. Although he left his native state within a few years of his birth April 18, 1912, at Winfield, he still claims his Sunflower State legacy. Following graduation from the Military Academy in 1935, General Eckhardt served in the Pacific Theater during World War II and his career has taken him to Hawaii, Germany and Iran. It wasn't until he was 53 years old that he came back to Kansas to live. He returned a year ago to Ft. Riley to organize the "Old Reliabilities." He accepted the unit's colors when the division was reactivated Feb. 1, 1966, and he guided the training of the thousands of young draftees. In less than nine months, he and other experienced officers and noncommissioned officers molded them into a cohesive fighting unit which is holding positions east of Saigon as the new year arrives. Because the

unit did all of its training in Kansas and because he is a native son, General Eckhardt expressed hopes before his departure that the 9th would be known as the "Kansas" division. It was at his suggestion that the Junction City Chamber of Commerce provided 50 pounds of sunflower seeds so the units could plant Kansas' flower among the rich in Vietnam.

CHRISTIAN HERTER, OF MASSACHUSETTS

The SPEAKER. Under previous order of the House, the gentleman from Massachusetts [Mr. CONTE] is recognized for 15 minutes.

Mr. CONTE. Mr. Speaker, as the 90th Congress convenes, we of the Massachusetts delegation, like so many of our colleagues from other States, resume our deliberations in these historic Chambers with a heavy sense of nostalgia. We are happy to be back among familiar surroundings. We are happy to welcome the new Members and to share with them the surge of pride and resolution which is rekindled for each of us at the start of each new session.

We are sobered by the awareness that the Massachusetts delegation sits today without two of our most distinguished and recent colleagues—our beloved former Speaker, the Honorable Joe Martin, and our equally beloved Senator Lev Saltonstall. Certainly we wish them both well in the years that lie ahead for them.

We were all shocked and deeply grieved, as was all America, at the sudden, swift passing of our distinguished colleague and good friend, John Fogarty of Rhode Island, whose death was a tragic beginning to what was probably the most remarkable opening day of any session in the history of the House of Representatives. Certainly our deepest sympathies and condolences go to the members of John Fogarty's family.

Our hearts are heavier still today because we also mourn the recent passing of a more distant former colleague, one whose service in these Chambers was all too brief as he answered the call to even greater achievements in his long and illustrious career.

I speak, of course, of the late Honorable Christian A. Herter, of Massachusetts.

Chris Herter was indeed a remarkable public figure and one who lent inspiration to me on more than a few occasions. He was a man of many and powerful talents, a man of great personal courage and of a rare inner strength that needed no trumpets or fanfare to proclaim his presence.

While I know there are many in this Chamber today, on both sides of the aisle, who have been privileged to serve beside Chris Herter from time to time, I have always taken special pride in the good fortune that drew us together on several occasions.

Chris Herter was Secretary of State when I came to the Congress as a freshman in 1959. As an eager new appointee to the Foreign Operations Subcommittee of the House Appropriations Committee, it was a great thrill for me to greet him as Secretary of State and to work with him on the budgets for the State Department.

Our last official relationship had been barely 2 years before when he was Governor of Massachusetts and I was his majority leader in the State senate. I had been privileged to serve with him in that capacity for 4 years.

Prior to those years, he served here in the U.S. House of Representatives and in the Massachusetts State House of Representatives where, from 1939 to 1943, he served as speaker.

He had up to that time already compiled an active, enviable career in the diplomatic service, serving as attaché the American Embassy in Berlin in 1916 and as chargé d'affaires of the American legation in Brussels. He served in the U.S. State Department during World War I and held a number of highly sensitive assignments in various reconstruction programs following the war.

He entered the publishing business for a time and served as lecturer and overseer at Harvard University prior to entering the Massachusetts House of Representatives.

No matter what his title; Ambassador, Congressman, Governor, or Secretary of State, Chris Herter served with a distinction and a commitment that all men in public service might well emulate.

He was a man of immense personal dignity: Quiet and almost self-effacing, but capable of great inner strength when the need arose.

Chris Herter was a chronic sufferer of arthritis, and we can only guess at the dimensions of courage and will power that drove him not only to overcome the infirming aspects of the disease, but to rise to even greater heights in the service of his country; even after he was unable to move about without the aid of crutches.

He was a tall man, both physically and spiritually, a source of strength and reassurance to those who knew him and worked with him; a symbol of human dignity and wisdom to those he served so well.

We mourn Chris Herter today and we proudly honor his memory. The burden of sadness borne by the surviving members of his family is one shared by all his countrymen.

Mr. Speaker, under unanimous consent I place an article from the pages of the Berkshire Eagle at this point in the RECORD. The Eagle is published in Pittsfield, Mass., and the article recalls in vivid detail both the fact and the spirit of Chris Herter's service as Governor of Massachusetts.

The article follows:

THOSE WHO KNOW THE PITFALLS OF BAY STATE POLITICS APPRECIATE THE SUPERB HERTER LEGISLATIVE LEGACY

(By A. A. Michelson)

BOSTON.—For all the respect that was paid on the death of Christian A. Herter this week by leaders of government at the national and international levels, historians will have to look to his four-year tour of duty as governor of Massachusetts to appreciate fully his insights, his progressive approach, and his political talents.

This is not to say, of course, that he was an ineffectual diplomat or legislator in the state and U.S. House of Representatives. On the contrary, the record will show that as a state legislator he drafted an unemployment compensation law a year before the concept of jobless benefits became the law of land

through the New Deal. And as a member of Congress, he filed a "medicare" plan that turned out to be 15 years ahead of its time.

But in the field of diplomacy, his personal accomplishment, by the nature of that field of government, has to remain cloudy. He is, of course, credited with a major role in the adoption of the so-called Marshall Plan for the rehabilitation of war-torn Europe, but even this was as the head of a delegation of congressional and government experts.

And it is a matter of record that President Eisenhower didn't see fit to employ the Herter talents to their full extent. As secretary of state in 1959 and 1960, Herter spent most of his time defending policy that he didn't formulate and apologizing for "incidents" resulting from that policy.

But if one can appreciate the nature of government and politics in Massachusetts, the Herter record as governor from 1953 through 1956 is something that few chief executives, before and after, at least in this century, could boast. He did it without fanfare, hoopla and breast-beating.

As a former speaker of state House of Representatives, he appreciated not only the capacity of legislators but their willingness to respond to strong, enlightened leadership. And his placid, patrician manner belied an ability to say "No!" in unequivocal terms on matters of principle while at the same time showing an adeptness at playing the political ball game when necessary.

One of many Herter monuments in state government was his reorganization of the state Department of Corporations and Taxation. It took some doing. Involved was the removal of the legendary Henry F. Long, who had ruled all he surveyed in the department under a succession of governors, Republican and Democratic, from 1921. He was considered indispensable. Herter's personal feelings for the old veteran notwithstanding, he called for a complete reorganization, and in place of Long he put in a three-member commission.

In the first year of operation, the department income-tax collections increased by 40 percent—from \$65 million to \$90 million.

This willingness to come to grips with a serious problem kept state government afloat for several years without an increase in taxes. And it set up a structure for tax-collection enforcement that still is adequate providing there is strong direction at the top.

Another monument to Herter is the Department of Natural Resources, which he established in place of a Department of Conservation, which had been an agency of contrived anarchy for many years. In the 13 years since being set up, the department has been operated without scandal by top-notch administrators and dedicated career personnel.

In connection with that reorganization, incidentally, Gov. Herter foresaw problems in the Division of Waterways, which he wanted transferred from the Department of Public Works. He ran into opposition, however, from such influential Republicans as the late Sen. Edward C. Stone of Cape Cod, and the reform was not enacted. The big waterways scandals followed just two years after Herter left office.

District court reform was another problem area that Gov. Herter dealt with, even though it has been constantly opposed by lawyers in the legislature. He pushed through a law prohibiting presiding justices of the larger district courts from continuing in the private practice of law. The Herter reform was supposed to represent a foot in the door, and was to be followed up by other reforms such as cutting the number of district courts from 72 to 50. But instead, succeeding legislatures and governors have simply been making other district courts, however small their case load, so-called "full-time courts" without any regard to giving the full-time judges enough work to keep them busy.

Other governors in the past 10 years have appropriated more funds than did Gov. Herter for the University of Massachusetts, but he was the first to indicate an interest in quality as well as quantity on the university's Amherst campus. Over violent opposition, he introduced the concept of "freedom" in appointments, which allowed university trustees and administrators to bypass the classified personnel system in hiring faculty. Up to that time, a professor, no matter what his experience or talents, had to be fitted into the narrow pay schedules set up for all state employees, a feature which attracted few, if any, outstanding teachers.

The state Department of Commerce, the state Rehabilitation Commission and an unusual earnestness in the selection of judges in all courts are just a few of the other legacies of the Herter administration in the State House.

It ought to be noted that during the first two years of his four-year tour in the "corner office," Gov. Herter had a Republican legislature and a Republican Governor's Council. But it also ought to be noted that succeeding Democratic governors similarly favored with a legislature and Governor's Council of their own party were accorded humiliating treatment.

His record shows, among other things, that Republicanism or conservatism does not have to be averse to change, reform, or progress. But it took Republicans of Massachusetts many years to appreciate that lesson.

THE STATE AND LOCAL GOVERNMENT MODERNIZATION ACT OF 1967: A 3-YEAR PROGRAM OF FEDERAL GRANTS TO STATES WHICH TAKE STEPS TO MODERNIZE STATE AND LOCAL GOVERNMENTS

Mr. MONTGOMERY. Mr. Speaker, I ask unanimous consent that the gentleman from Wisconsin [Mr. REUSS] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. REUSS. Mr. Speaker, I have this week introduced H.R. 1166 to provide \$15 billion in Federal grants, over a 3-year period, to States which take steps to modernize State and local governments.

In preparing H.R. 1166, I have relied heavily on the proposals by former Economic Advisor Walter W. Heller and Brookings Institute Economist Joseph A. Pechman, for no-strings-attached Federal grants to the State; on the Committee on Economic Development's July 1966 statement, "Modernizing Local Government," a report on why State and local government does not work effectively; and on recent studies by the Advisory Commission on Intergovernmental Relations—ACIR—"Unshackling Local Government" and "Metropolitan America: Challenge to Federalism."

Mr. Heller and Mr. Pechman are on the right track, I believe, in urging large-scale, unearmarked Federal grants—over and beyond our present collection of grant-in-aid programs—if our federal system is to survive.

But it would be wasting Federal money unless the States first take steps to enable themselves and their local governments to make the transition into the last third of the 20th century.

I. THE PROBLEM: ARCHAIC, INSOLVENT STATE AND LOCAL GOVERNMENTS

Two crises in American Government have become apparent by 1967: our State and local governments are becoming both insolvent and archaic.

State and local governments desperately need money. The Heller-Pechman proposals have attracted attention because of growing public concern that, even though Federal revenues keep rising as gross national product mounts, State revenues are falling ever short of growing needs.

State and local governments, inefficient and archaic, need modernizing. Their many problems have been analyzed in several excellent reports, including those by the CED and the ACIR. They also state what must be done to reinvigorate two levels of our federal system.

H.R. 1166 is designed to give the States a mighty impetus toward modernizing State and local governments and to help solve their financial problems by unrestricted grants.

II. THE NEEDS OF STATE AND LOCAL GOVERNMENTS HAVE OUTSTRIPPED THEIR RESOURCES

The needs of State and local governments continue to grow, for two reasons:

First. Our population continues to grow. The baby boom of World War II years, following the depression years and their low birth rates, has continued during the past two decades because of sustained prosperity. Furthermore, the size of those two age groups which require the costliest public services—the old and the young—have increased at rates faster than that of the rest of the population. While the total population grew during the decade 1953-63 by only 19 percent, the school-age population of 5- to 19-year-olds grew by 40 percent and the over-65 population grew by 35 percent.

Second. Americans are demanding more and better public services. More children study longer in better schools. More police services are needed for a population which is restlessly mobile and is crowded into cities. Cars have outgrown two-lane country roads for expensive city thoroughways. Public health services cost more because of population growth, city living, and advances in medical knowledge. People seeking new jobs move from region to region, from State to State, and country to city, and from central city to suburbs. Public facilities in old communities are abandoned, but new facilities in new communities are needed. Hence, State and local government has been the country's largest growth industry.

Despite increased Federal grants, State and local government resources prove ever more inadequate.

First. Expenditures keep increasing. Annual expenditures by State local governments during the decade 1954-64 increased by \$50 billion, from \$37 billion to almost \$87 billion. Most of this increase—72 percent—was allocated for health, education, and welfare.

Several factors account for the increasing expenditures. Unit costs rose. Costs of equipment and construction rose rapidly. Salaries of State and local government employees were raised to match salary increases in private industry. Be-

cause personal services account for so large a share of State and local government budgets, even moderate adjustments in salaries resulted in large total expenditures.

Second. Even though revenues collected by State and local governments have increased remarkably, they have proved inadequate. During the decade 1954-64 State and local governments general revenue increased by \$45 billion, from \$29 billion to \$74 billion. While Federal tax collections were rising by 52 percent, State and local tax revenues grew by 140 percent, or \$30 billion.

Property taxes supplied almost the entire increase in local tax collections, and almost half of the combined State and local increases.

Consumer taxes supplied about one-third of the combined increases. Since 1952, five States have imposed general sales taxes. In 1965, 29 States raised rates of existing taxes or adopted new taxes on consumer goods.

Income taxes supplied only about 10 percent of the increases. Most of the 31 States having income taxes have made them less progressive by raising rates at lower income levels.

These revenues have been supplemented by Federal grants, which rose during the decade 1954-64 from \$3 billion to \$10 billion, more than triple. By 1966 they had risen to \$14.5 billion.

But even this Federal contribution accounted in 1964 for only 15 percent of State and local general revenues. The remaining 85 percent—about \$63 billion—came from their own sources.

The resulting gap between growing expenditures and lagging receipts has caused State and local government indebtedness to swell steadily. It grew in 1954-64 from \$39 billion to \$100 billion, an increase of \$61 billion. But during the same decade, Federal debt grew only \$46 billion.

The forecast is for a continuing fiscal crisis. Pechman's study concludes that State and local expenditures, even by viewing past experience conservatively, will rise by 7 percent a year and reach \$103 billion by 1970. But revenues, even if gross national product rises at 5 percent a year and both tax receipts and Federal grants keep pace, would reach by 1970 only about \$88 billion. The unfilled gap will be \$15 billion. Richard Netzer, in a projection for the CED, forecast a gap by 1970 of \$10 billion even if State and local tax rates were raised 18 percent.

III. HOW TO FILL THE 1970 \$15 BILLION GAP BETWEEN STATE AND LOCAL NEEDS AND REVENUES

The States and localities cannot do it.

For the States and localities to meet the \$15 billion gap by borrowing is neither a sound nor a likely solution. Their debt rose to \$100 billion in 1964. Many have reached the borrowing limits set by law or by their own financial capacity. The prospects of servicing partly increased debt out of regressive taxes are bleak.

Moreover, it is unlikely that State and localities, unable and unwilling to borrow further, could and would tax to fill the \$15 billion gap. Three reasons argue against this course:

First. To keep raising property and consumer taxes, the leading State and local sources, is poor social and economic policy.

The Federal Government has preempted most of the income tax potential. Property taxes on homes and sales taxes on consumer goods unfairly hit lower income people. They could reduce the overall level of demand sufficiently to cause a stagnating economy.

Second. Fear of driving businesses out of the State discourages tax raising in general, and raising progressive taxes, like the income tax, in particular.

Voters of five States recently rejected income taxes or revisions.

Third. Recent elections have shown how vulnerable are State and local officials who raise or try to raise taxes. John Anderson, Jr., the Republican Governor of Kansas in 1961-64, has written:

The rate of "tax mortality" among state and local political leaders is very high. A governor or mayor must raise taxes in order to meet his increasing responsibilities—but he is often voted out of office for doing so. Were he to choose to cut services rather than to raise taxes, he would also be likely to get kicked out.

The Federal Government, however, can and will have the revenues to fill the gap.

As the economy grows, the Federal receipts tend to grow, at a faster rate, because they come largely from the income tax rather than property taxes. The "fiscal dividend" of \$6 to \$10 billion annually has been forecast for the period 1970-75. A Federal surplus depends heavily, of course, upon the course of events in Vietnam; if the war escalates, all fiscal bets are off.

When the 1970-75 "fiscal dividend" appears, the proposal will be made to use it to retire part of the \$330 billion national debt. The answer is that unless the "fiscal dividend" is mainly used either to reduce taxes or to increase expenditures, the fiscal drag will increase unemployment. Indeed, the resulting near recession would prevent the "fiscal dividend" from coming into being in the first place.

Moreover, public needs are so pressing that the Federal surplus should mainly be spent to meet them rather than be rebated in lower taxes. Since many public needs are of a State and local nature, part of the "fiscal dividend" must be channeled to State and local governments.

How to get part of the Federal "fiscal dividend" to State and local governments?

First. By expanding Federal grants-in-aid?

Until 1932, Federal grants accounted for only a small fraction of State and local spending. The grant device was used to rescue State and local governments bankrupted by the depression. Grants rose from \$147 million in 1930 to \$945 million in 1940, an increase of 650 percent. After the brief postwar interlude of abundant revenues, cold war costs caused the Federal Government once more to preempt income tax revenues, while State and local governments faced the crisis of growing population and growing demands. The Federal Government responded again

by increasing grants sevenfold in 14 years, from \$2.9 billion in 1953 to \$14.5 billion in 1966.

Should this mushrooming of grants continue? Federal grants represented 7.3 percent of State and local general revenues raised in 1946, 10 percent in 1954, 15 percent in 1964.

Federal grants are a useful way of meeting urgent needs—highway and airport construction, education, housing and community development, sewer and water treatment facilities, community health, and welfare. Therefore, mayors and Governors, even though they call for block grants, want existing Federal categorical grants continued and expanded.

True, the grant device has disadvantages. Many programs are not properly coordinated. For example, six separate programs are available for water supplies. Some programs satisfy only marginal needs. The technique of requiring matching funds sometimes causes State, local, and private authorities to distort their priorities.

The fact that the grant device has over the years developed disadvantages is no argument that grant programs should be ended. But it does argue that the present pattern of categorical grant programs should not be much further extended to new areas, at least without improvement. The vigor and efficiency of State and local governments must be maintained. Police and fire protection, as well as the full range of local needs, should depend upon local and unrestricted financing.

Second. By redistributing Federal revenues by general tax reduction, specific tax transfer, or tax credit?

It is unlikely, because of timidity and interstate competition, that States would benefit appreciably if Federal taxes were reduced. When in the 1950's the Federal Government released tax sources by reducing the admissions tax and the electrical energy tax, recovery by State and local governments was minimal. Recovery of Federal tax reductions would probably come by regressive property or sales taxes or by not-very-progressive income taxes. Moreover, richer States would benefit disproportionately to the poorer States.

A credit against Federal income taxes for certain State and local taxes would help those States which impose no tax, or inadequate taxes, of a particular type. For example, 17 States now have no individual income taxes. A Federal tax credit for State income taxes is a justifiable interstate equalizer; but it, too, favors the wealthy States.

Third. By block grants?

The Heller-Pechman plan proposes that money be distributed to the States on a per capita basis, with a portion redistributed to the poorest States; that grants be unrestricted, except that highway expenditures be excluded and that title 6 of the Civil Rights Act of 1964 be observed; and that grants be channelled through a trust fund derived from a set percentage of Federal revenues or of the Federal personal income tax base.

The Heller-Pechman allocation among the States seems progressive and fair. But the "trust fund" seems unduly inflexible, depriving Congress, in a given

year, from an overall look at the state of the Nation's economy. Most vulnerable is the complete absence of strings: it encourages State and local governments to languish in archaic inefficiency rather than to demonstrate their initiative, and thus could result in wasting Federal money.

If these defects can be corrected, the Heller-Pechman proposal offers the soundest method of making the Federal "fiscal dividend" available to State and local governments.

IV. STATE AND LOCAL GOVERNMENTS NEED MODERNIZATION

Modernization steps should be taken at three levels—regional, State, and local.

Regional: Recent Federal legislation—including the Appalachian Regional Development Act of 1965, the Public Works and Economic Development Act of 1965, and the Clean Waters Restoration Act of 1966—aims at a necessary regional approach to regionwide problems. But interstate regionalism is in its infancy. Mechanisms are lacking to deal with the 25 metropolitan areas which overlap State lines. Also lacking is interstate cooperation in education. Why, for example, should not several starved universities in sparsely populated States be replaced by one good university?

State governments: Archaic constitutions and statutes result in too many elected executive officers, needless restrictions on borrowing power, poor legislative salaries, short and infrequent legislative sessions, and outmoded personnel practices. The high political mortality rate of those Governors who raise taxes gives little incentive for reform.

Local governments: Only the States, by revising thoroughly their constitutions and statutes, can authorize reform of local governments. The weaknesses of local government are many:

First. Local units are too many and too small to be efficient. Half of all local units in the States contain fewer than 1,000 people.

Second. Overlapping layers: Overlapping layers of local government—counties, cities, townships, special districts, school districts—compete for revenues, and cause gaps and overlaps in problem-solving jurisdiction.

Third. Local voters are apathetic: Less than 30 percent of the electorate votes locally, contrasted with 60 percent Presidentially. Over 500,000 local officials are elected, many without policymaking duties, and from overlapping governments. As local government becomes less understandable and less democratic, voter apathy increases, and local government grows more ineffective.

Fourth. Most localities lack strong executive leadership and adequate regulatory and tax authority. Direct line, businesslike administrative authority is usually fragmented. Personnel is largely unqualified, the spoils system widely prevails, and pay is too low. "Home rule" is rare.

Fifth. So far, approaches to metropolitan government have been frustrating.

Except for Metropolitan Toronto and Dade County, Fla., little progress toward metropolitan government has been made. A metropolitanwide approach to the problems of poverty and community development is hampered by the Balkanizing proclivity of communities under existing State law. For example, Vernon, Calif., where 236 people live but only 70,000 work, is zoned for high-taxpaying industry only, and leaves other communities to provide for its workers. In Wisconsin, communities made up almost entirely of high-income residents have 40 percent of their State income tax returned to them by the State, thus substantially relieving residents of the general property tax.

V. THE PROPOSED STATE AND LOCAL GOVERNMENT MODERNIZATION ACT OF 1967 WOULD USE BLOCK GRANTS TO ENCOURAGE INITIATIVE BY STATES TO REFORM STATE AND LOCAL GOVERNMENT

Machinery: If H.R. 1166 were enacted in 1967, during the next 2 years, 1968 and 1969, each State wishing to participate would formulate a modern governments program. The Federal Government would pay the entire cost of planning. The State plans would be completed within 18 months, and then forwarded to the appropriate regional coordinating committee—eastern, south, midwestern, and western—created by the bill. The committee would review each State program and suggest improvements through a continuing so-called dialog with State planners. After 6 months, a total of 2 years of planning, the regional coordinating committee by majority vote would send to the President, the Advisory Commission on Intergovernmental Relations, and the Congress those State modern governments programs which reflect "sufficient creative State initiative so as to qualify that State for Federal block grants."

Modern governments programs: The modern governments programs would vary from State to State. But the bill directs the Governors, while shaping their proposals and timetables, at least to consider the following:

First. Proposed arrangements, by interstate compact or otherwise, for dealing with interstate regional problems, including those of metropolitan areas which overlap State lines, and regional cooperation in health, education, welfare, and conservation;

Second. Proposed strengthening and modernizing of State governments—by constitutional, statutory, and administrative changes—including recommendations concerning more efficient executives and legislatures, State borrowing powers, taxation and expenditures, and personnel systems;

Third. Proposed strengthening and modernizing of local rural, urban, and metropolitan governments (by constitutional, statutory, and administrative changes), including steps listed in the bill; and

Fourth. Proposed uses of Federal block grants pursuant to section 3 of the bill, including provision for passing on at least 50 percent of such grants in an equitable manner to local governments.

Block grants to States with modern governments programs: States with modern governments programs qualified by both the regional coordinating committees and by the Advisory Commission on Intergovernmental Relations as reflecting "sufficient State creative initiative so as to qualify that State for Federal block grants" would begin receiving payments in 1970, or at the latest by 1971. They would receive unrestricted Federal grants from the \$5 billion a year, 3-year authorization by the bill.

The funds would be distributed according to population, with not to exceed 20 percent for supplements to those States having a low per capita income; a high degree of poverty, dependency, or urbanization; and State tax effort as indicated by the amount of State and local taxes relative to personal income.

The authorized amount of \$5 billion annually—congressional appropriations could be less, of course, depending upon economic conditions and the degree of participation by the States—is approximately equal to the 2 percent of individual income suggested by Heller, but without the inflexible trust fund device.

The "string" on the block grants would be good-faith initiative by the States in filing a statement of intent—their modern governments programs. The Governors themselves, through their own plans and through the regional review and decision by majority vote, and the widely respected Advisory Commission on Intergovernmental Relations, would be the qualifying agents. There would be no statutory strings with respect to compliance with the State plans, although annual reports to Congress are required, and the program runs for 3 years only. No doubt Congress, in considering whether to renew the program, would take into account the good-faith effort made by the States to fulfill their plans.

I would hope that such a good-faith effort would be made. A reform-minded Governor would, for the first time, have public opinion behind him. Reapportionment is bringing many new and modern legislators to the State capitols. Forty of the 50 States are planning to consider constitutional reforms within the next 2 years. Federal block grants, necessary for fiscal reasons, could be the incentive that catalyzes a movement for major constitutional and statutory reforms.

Planning should begin now for that time, after the economic strain of the Vietnam war eases, when substantial Federal surpluses are available.

Mr. Speaker, I sent 300 copies of the draft bill in November 1966 to Governors, mayors, national organizations, economists, and political scientists asking for their comments and suggestions for improvement. Among the 100 replies received to date, I have found broad agreement on the need for unearmarked Federal aid to the States, over and above the present grant-in-aid programs, and on the wisdom of conditioning this aid upon creative State efforts to revitalize their State and local governments. I have incorporated several of the suggested improvements into the bill.

The text of H.R. 1166 follows:

H.R. 1166

A bill to improve intergovernmental relationships between the United States and the States and municipalities, and the economy and efficiency of all levels of government, by providing Federal block grants for State and localities which take steps to modernize State and local government.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.—This Act may be cited as the "State and Local Government Modernization Act of 1967".

SEC. 2. STATE MODERN GOVERNMENTS PROGRAMS.—

(a) PLANNING FUNDS FOR MODERN GOVERNMENTS PROGRAMS.—The President shall as soon as possible after the effective date of this Act, grant to the Governors of each of the fifty States which elect to participate in the State modern governments programs planning funds to cover the full cost of preparing for each State a modern governments program. There is herewith authorized to be appropriated solely for this purpose and the purpose of paragraph (d) of this section the sum of \$50,000,000, with each State's share to be no less than \$250,000, and with the remainder apportioned according to State population on the basis of the Bureau of the Census' current estimates of population.

(b) PREPARATION OF STATE MODERN GOVERNMENTS PROGRAMS.—Not later than eighteen months after such planning funds have been made available to States which have elected to participate, each Governor shall file his State's draft modern governments program with the regional coordinating committee for State modern governments programs, set up pursuant to section 2(d) hereof. Within six months thereafter, the regional coordinating committee shall file the modern governments program for each participating State in the region with the President, the Advisory Commission on Intergovernmental Relations, and the Congress.

(c) CONTENTS OF STATE MODERN GOVERNMENTS PROGRAMS.—Each State modern governments program shall set forth plans and timetables for modernizing and revitalizing State and local governments, including:

(1) Proposed arrangements, by interstate compact or otherwise, for dealing with interstate regional problems, including those of metropolitan areas which overlap State lines, regional cooperation in health, education, welfare, and conservation;

(2) Proposed strengthening and modernizing of State governments (by constitutional, statutory, and administrative changes), including recommendations concerning more efficient executives and legislatures, State borrowing powers, taxation and expenditures, and personnel systems;

(3) Proposed strengthening and modernizing of local rural, urban, and metropolitan governments (by constitutional, statutory, and administrative changes), including where needed:

(A) Reducing the number of counties,
(B) Reducing the number of, or eliminating, local governments too small to provide efficient administration, and special districts not subject to democratic control,
(C) Restricting popular elections to policymakers,

(D) Concentrating on a single responsible executive for each local unit,

(E) Reform of personnel practices so as to base them uniformly on merit and competence,

(F) Granting adequate home rule powers to reformed counties and other local governments,

(G) Revising the terms of State grants-in-aid and shared taxes so as to encourage modern local governments and to minimize differences in local fiscal capacity,

(H) Easing restrictions on local power to tax property,

(I) Improving local property tax administration,

(J) Authorizing local governments to utilize nonproperty taxes, coordinated at the State or regional level,

(K) Easing restrictions on the borrowing power of local governments,

(L) Strengthening local government in metropolitan areas by:

(i) Liberalizing municipal annexation of unincorporated areas,

(ii) Discouraging new incorporations not meeting minimum standards of total population and population density,

(iii) Authorizing transfers of specified functions between municipalities and counties,

(iv) Authorizing intergovernmental contracts for the provision of services,

(v) Authorizing the municipalities to exercise extraterritorial planning, zoning, and subdivision control over unincorporated areas not subject to effective county regulation,

(vi) Restricting zoning authority in metropolitan areas to larger municipalities and to counties, in order to prevent zoning by smaller municipalities which excludes housing for lower income families,

(vii) Authorizing the formation of metropolitan councils of public officials to exchange information and ideas on problems of mutual concern,

(viii) Authorizing the establishment by local governmental bodies or by the voters directly of metropolitan area study commissions to develop proposals to improve local governmental structure and services, and to present to the voters of the area such reorganization plans,

(ix) Authorizing the formation of metropolitan planning agencies to make recommendations to local governments concerning land use, zoning, building regulations, and capital improvements,

(x) Establishing a State agency to assist metropolitan areas, and

(xi) Furnishing State financial and technical assistance to metropolitan areas for planning, building codes, urban renewal, and local government and finance; and

(4) Proposed uses of Federal block grants pursuant to section 3 hereof, including provision for passing on at least 50 per centum of such grants in an equitable manner to local governments.

(d) REGIONAL COORDINATING COMMITTEES FOR STATE MODERN GOVERNMENTS PROGRAMS.—Each participating State shall channel its modern governments program through a regional coordinating committee for State modern governments programs, as set forth in section 2(b) hereof. Such a regional coordinating committee shall be set up for each of the following four regions: Eastern (Connecticut, Delaware, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont); Southern (Alabama, Arkansas, Florida, Georgia, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia, and Kentucky); Midwestern (Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin); Western (Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming).

Each regional coordinating committee shall be set up by the participating Governors of the region, with whatever representatives of his State each Governor shall select, and shall operate by a majority vote of the participating States. Each regional coordinating committee shall review the draft State modern governments programs, and shall make recommendations concerning any possible improvements. In forwarding the State modern governments programs to the President, the Advisory Commission

on Intergovernmental Relations, and the Congress, each regional coordinating committee shall designate each State modern governments program which it believes reflects sufficient creative State initiative so as to qualify that State for Federal block grants under section 3. The regional coordinating committees shall be financed by voluntary agreement by the participating States from the Federal planning funds made available under section 2(a). By unanimous agreement, and subject to equitable funding arrangements, a regional coordinating committee may undertake the preparation of all or part of a modern governments program for any State so requesting.

(e) REVIEW OF STATE MODERN GOVERNMENTS PROGRAMS BY THE ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS.—The Advisory Commission on Intergovernmental Relations, as soon as possible and in not more than one year after the regional coordinating committees have filed with it the State modern governments programs, shall designate which State modern governments programs it believes reflect sufficient State creative initiative so as to qualify that State for Federal block grants under section 3; and shall recommend a method for distributing the Federal block grants under section 3 apportioned according to population as determined by the Bureau of the Census on the basis of its current estimates, with not to exceed 20 per centum for supplements to States with low per capita income; a high incidence of poverty, dependency, or urbanization; and State tax effort as indicated by the amount of State and local taxes relative to personal income.

SEC. 3. FEDERAL BLOCK GRANTS.—There is herewith authorized to be appropriated for the first three full fiscal years after such State modern governments programs have been filed with the President, the Advisory Commission on Intergovernmental Relations, and the Congress, and after the designations of the Advisory Commission on Intergovernmental Relations pursuant to section 2(e) have been made, the sum of \$5,000,000,000 annually, to be distributed by the President among all States whose modern governments programs have been designated as qualified by their regional coordinating committees under section 2(d) and by the Advisory Commission on Intergovernmental Relations under section 2(e), apportioned according to population as determined by the Bureau of the Census on the basis of its current estimates, with not to exceed 20 per centum authorized to be set aside for supplements to States with low per capita income; a high incidence of poverty, dependency, or urbanization; and State tax effort, as indicated by the amount of State and local taxes relative to personal income. The regional coordinating committees and the Advisory Commission on Intergovernmental Relations shall report to the President and the Congress at the end of each fiscal year on the progress made by each participating State in carrying out its modern governments program, and, prior to the end of the third fiscal year, shall make recommendations to the President and the Congress concerning the future of the Federal block grant program.

THREATS POSED TO INDIVIDUALS BY ADVANCING TECHNOLOGY

Mr. MONTGOMERY. Mr. Speaker, I ask unanimous consent that the gentleman from New Jersey [Mr. GALLAGHER] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. GALLAGHER. Mr. Speaker, the day and age of the novelty of scientific discoveries is past. We have come to a point in our national history where the advancements made in technology and science are the very core and essence of the freedom and liberty we enjoy in America. Yet, like the double-edged sword of Damocles, these wondrous and beneficial increments to our knowledge can cut back at us and corrode the very values they simultaneously foster. As chairman of the Special Subcommittee on Invasion of Privacy of the Government Operations Committee, I have become increasingly and acutely aware over the last few years of the burgeoning threats posed to the individual by the advancing technology of our country.

We can no longer continue to permit the novelty of these techniques to escape the traditional legal and social controls which have so effectively protected the American's right to privacy in the past. No invention or device is inherently valueless, and inventions devised specifically to pry where they are unnoticed is a most outstanding example of the inherent social and moral question to be answered by us.

Science has launched us into a period of basic and radical questioning of the uses of new surveillance devices and testing processes. It is our job, as legislators, and as protectors of the inherent and inviolable right of privacy to keep pace with this new era, so as to preserve and protect the privacy of every American.

Serious attention should now be given to the legislative possibilities for controlling the modern means of invading privacy. It is for this reason that I have submitted legislation governing these vital areas of national interest. Legislation in these areas is chaotic and largely ignored. We in Congress can no longer ignore our full constitutional authority to control as much of these types of surveillance as possible.

One of the bills I have introduced today would prohibit the Federal Government from purchasing or utilizing any electronic eavesdropping or wiretapping device, unless an executive department or independent agency head authorizes such acquisition or use in writing and provided that such use is vital to the protection of the national security. A copy of such authorization would be sent to the Speaker of the House and the President of the Senate.

The definition of these devices is one of the areas of greatest concern for us here. We should hope to define not only the respective uses and abuses of these devices by congressional action, but also, and more importantly, define the core meaning of national security.

The term "electronic eavesdropping device" means any radio or other electronic device which is designed to be concealed for the purpose of overhearing the speech or televising the movements of any individual without his consent or knowledge. The term "wiretapping device" means any electrical or electronic device which is designed or used to permit the interception of telephonic communications without the knowledge

or consent of the parties to such communications.

It seems obvious that the American people are looking to the Congress for the answers to the problems inherent in the use of surveillance devices by the Federal Government. I feel that this bill puts the questions and issues raised by the conflict of technology versus privacy squarely before the Congress, and I am certain that answers can be found.

The second bill I have introduced deals with use of electronic eavesdropping and wiretapping devices by the private sector. It would prohibit the interstate transportation of such devices unless destined for use by a duly authorized State agency or agency of the United States.

The use of these "bugs" and wiretaps has grown by leaps and bounds in the last few years. Now it has become necessary for some private organizations to specialize detecting the use of these devices. A private individual should never have to fear surveillance by his fellow private citizens and should not be expected to protect himself in his privacy. This is the job of the Government and it is that governmental responsibility that my bill aims at affirming.

I was especially happy, last night, to hear the President, in his state of the Union message, bring the full weight of his office into this area of consideration which we in Congress deem so important. I cannot reiterate enough the words of President Johnson:

We should outlaw all wiretapping—public and private—wherever and whenever it occurs, except when the security of the Nation itself is at stake—and only then with the strictest safeguards. We should exercise the full reach of our constitutional powers to outlaw electronic "bugging" and "snooping."

Mr. Speaker, I am particularly pleased that the House of Representatives, led by the Committee on Government Operations, has been the chief and leading force in the development and protection of every American's right to privacy. It is most gratifying to me personally to see 4 years of work culminate in a national policy.

In conclusion, if I may quote a New York Times editorial:

Listening devices are so cheap, so simple to come by and so eerily effective that anyone with an itch to eavesdrop can indulge it, no matter how frivolous or evil the motive . . . Clearly, a total ban on private use of electronic eavesdropping equipment is in order . . .

Mr. Speaker, I believe these bills put the question of what is the right to privacy of any individual vis-a-vis another individual squarely before the Congress. I am confident that once the issues are studied, the passage of these bills will result, and we will have moved one step forward toward preparing our children and our children's children with as much of a right to privacy as our forefathers enjoyed. These bills will help to reverse a tendency to view the citizens of this country as fair game for every type of surveillance whether warranted or not.

In the complex society of the present, and even more so in the twilight of this century, the greatest responsibility of Government must be to protect the citizen from the intrusions of his neighbor

and certainly those of his Government. The devices of today already make Orwell's "Big Brother" look like a simple fellow, and yet we are still 17 years away from 1984. To prevent a total fishbowl society we must recognize how real the threat is today, and realize how necessary remedial legislation has become.

A LEAD-ZINC FLEXIBLE QUOTA

Mr. MONTGOMERY. Mr. Speaker, I ask unanimous consent that the gentleman from Colorado [Mr. ASPINALL] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. ASPINALL. Mr. Speaker, the lead-zinc industry has perhaps the longest and most consistent record of any metal for continuing effort with the Congress and with the executive departments to achieve a minerals policy. This effort is based on three important principles.

First. Maintain a necessary segment of the domestic lead-zinc mining and smelting industry and encourage the exploration for and development of new mineral reserves.

Second. Provide the domestic lead-zinc consumer with adequate metal supplies that will in turn encourage the expanding use of these materials.

Third. In presenting programs to accomplish these two points we recognize that reasonable quantities of imported lead and zinc are required to supplement domestic production.

In 1959, the producers of lead-zinc and other domestic metals participated in a public hearing before the House Interior and Insular Affairs Committee to consider, and endorse, House Concurrent Resolution 177, that I introduced as chairman of that committee. H.R. 177 stated that:

It is in the national interest to foster and encourage (a) the maintenance and development . . . (b) orderly discovery . . . and (c) research to promote the wise and efficient use of domestic metal and mineral reserves.

The resolution was approved by the Congress and, while not having legislative force, it did call on the executive department to advise the Congress as to relief actions proposed. You know that such a policy, formulated to include these three important factors, has not been presented or suggested, and I am not aware of any plans within the executive department to make such a presentation.

This lack of interest or leadership has placed the burden of developing a minerals policy on individual industries, acting together with the Congress, and is the reason that we have come up with a series of legislative proposals to provide a minerals policy.

Two years ago the lead-zinc import Quota Proclamation of 1958 was still with us. The inflexible nature of its provisions was causing concern here and abroad as it did not accommodate changes in domestic consumption or the changing abilities of foreign countries to supply ores and metal needed by our consumers.

In January 1965 the industry recommended a plan that would provide for liberalizing import quotas and accommodate the changes in foreign sources of supply. This was introduced by me as H.R. 3183, together with numerous companion bills of colleagues similarly interested in this plan.

During 1965, the executive departments were reviewing the relationship of the Quota Proclamation to conditions in the industry following a public hearing before the Tariff Commission, and publication of their report to the President. Members of the industry met with representatives of the Departments of State, Interior, Commerce, Treasury, Labor, and the Counsel to the President to provide the necessary and correct background information, to assist the Departments in making their recommendations to the President, regarding a change in the Quota Proclamation. The industry acknowledged that the quotas were cumbersome but strongly recommended that they not be abandoned until some comprehensive continuing plan—a minerals policy—was adopted as a replacement. This was based on solid economic reasoning. Additional metal supplies were needed, particularly at that time. This could have been assisted by liberalizing the proclamation, but Members of Congress and the industry recommended substitution of the flexible quota provisions through enactment of legislation. Consumption was strong but the planned increase in mine and smelter capacity around the world was and is even stronger. The overriding premise was to serve the consumer and maintain some controls for the future, should we once again face the world surplus of the midfifties.

The Quota Proclamation was terminated by the President on October 22, 1965, with no provision for a continuing lead-zinc mineral policy. The President did refer to the Tariff Commission as the source of action for any needed future relief and urged the Commission to expedite its procedures and proceedings. This avenue of "help" has been thoroughly explored in 20 cases, including one from the lead-zinc industry. The provisions of the Trade Expansion Act of 1962 eliminate any possibility of the Commission being able to come up with a finding of injury to this industry due to excessive imports, and, therefore, this does not provide the mechanism for establishing a minerals policy in the lead-zinc industry.

Once again the industry was faced with a reevaluation of the overall situation and preparation of a plan for further action. It was agreed between the Congress and industry that the provisions proposed in H.R. 3183 should be reviewed, based on current and future anticipated economic conditions. The conditions again were:

First. The termination of the Quota Proclamation eliminated the need for consideration of this particular system as the base for a liberalized quota plan.

Second. The economics of the industry were distinctly different from the 1958 situation when quotas were imposed, with metal stocks in 1965 at minimum levels.

Third. The increase in market prices here and abroad, since the low levels of 1962 and 1963, had stimulated exploration, development and expansion of production facilities all around the world. Substantial quantities of additional lead and zinc metal were scheduled to reach the markets during the period 1966 through 1968.

Fourth. The industry is still awaiting some practical suggestions from the executive department to encourage on a long range basis the continued search for, and production of, domestic lead and zinc. Until the executive department accepts this responsibility and acts upon it, the industry must request such a plan from the Congress.

Using these guidelines, a simplified and liberalized legislative proposal was prepared. I introduced this in the House of Representatives on July 28, 1966, as H.R. 16660, together with 32 companion bills by interested colleagues.

Here is a short summary of the provisions.

First. The term of the legislation is 5 years from enactment. This is an interim program, awaiting a minerals policy from the executive department. Legislation of this type can be extended, if needed, following evaluation by the Congress and the industry prior to the expiration date.

Second. The term of an import quota for either lead or zinc ores and metal is 3 years. The quota on lead or zinc or both will become effective during the life of the legislation only if producers' metal stocks reach levels considered excessive to market requirements. The so-called trigger for enactment of a quota is a specified ratio of metal stocks to metal shipments during a current base period.

Third. When and if conditions arise calling for an import quota, it will be calculated at 80 percent of imports during a base period of the most recent 10 quarters. This corrects a valid complaint that the 1958 Quota Proclamation did not reflect current trade patterns around the world.

Fourth. Quotas will be allocated to specific countries supplying over 10 percent of imports during the base period. Countries with an import record of less than 10 percent will participate in an "all other" quota.

Fifth. The ratio of ore to metal is specified at levels that will assist the U.S. custom smelting industry.

Sixth. A new and logical innovation is a provision for cancellation of an import quota if producers' metal stocks are reduced to levels considered below normal minimums, again specified as a percentage relationship to metal shipments during a current base period.

Seventh. Manufactured products would be placed under an import quota, if entries are excessive during the term of a quota on ores and metal for either lead or zinc.

Eighth. A minimum quota is still guaranteed, providing the importer a continuing share of our markets and also providing our custom smelters the necessary feed materials.

This is certainly the most liberal plan for limits on imports that has been proposed by domestic industry and the Con-

gress. If placed "on the books" now, it will effectively serve as the necessary deterrent to prevent a surge of unnecessary and excessive imports such as we experienced in 1957 and 1958.

The legislation was referred to the House Ways and Means Committee, and opinions were requested from State, Interior, Commerce, Treasury, Labor, and the Tariff Commission.

The Lead-Zinc Producers Committee, representing the domestic industry, worked specifically with the Interior Department representatives on this legislation, as it is logical to look to Interior as "their voice" in the executive department. Strong representations were made to the others, particularly to State and Commerce. We have not received any official opinions on this legislative proposal but from discussions with the industry personnel, I can give you an educated guess as to the reports and rebuttals they would expect to this proposal. They will be as follows:

First. Free trade is the preferable route with the material coming from the cheapest possible source.

Second. Develop a program for administrative controls permitting the executive department to make decisions on imports as this relates to foreign policy.

Third. Adopt some type of international commodity agreement that would provide for limiting imports and impose government controls for reduction of domestic production.

Fourth. Appeal to the Tariff Commission, when or if we once again find ourselves in economic trouble.

These are actually restatements of old executive department "positions." The final summary of their reports would state that the legislative proposal is counter to the announced international trade policy of the United States. These "principles," if they can be called that, continue regardless of the current political trends. They are still unpalatable and impractical solutions.

I will not trouble you with discussing the proposal for participation in a free trade program. The industry has had its fill of executive department plans; such as barter, stockpile purchases, and partial acceptance of Tariff Commission recommendations.

I will say a word on international commodity agreements. They are antitrust, require congressional action, and are unanimously opposed by the industry. Included here are the largest U.S. consumers, representatives of importers, as well as primary and secondary producers of lead and zinc.

I have already covered the problem of further appeals to the Tariff Commission, and my remarks are prefaced with high regard for the work of both the Commissioners and their staff.

Any mineral policy for the lead-zinc industry adopted in the near future will be upon the suggestion of the industry and by the action of Congress. After 16 years of effort on the part of industry and Congress, I still believe we can accomplish our objective. Many Members of the House of Representatives of the 90th Congress are reintroducing this flexible lead-zinc quota legislation and request

that it receive active consideration of the Congress in this session.

Cooperation from Members of Congress of lead-zinc mining areas is excellent, as shown by their participation in sponsoring legislation. Our problem is in initiating the hearings on the bills, and this must start with the House Ways and Means Committee. Their workload is heavy, but I call this legislation to the attention of the chairman of the Ways and Means Committee as a good program, as now proposed.

It will be of great benefit to an important domestic industry and the economy of communities, States, workers, and investors throughout our country.

BORDER TRADE AREAS ACT

Mr. MONTGOMERY. Mr. Speaker, I ask unanimous consent that the gentleman from Texas [Mr. WHITE] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. WHITE. Mr. Speaker, in the interest of promoting U.S. trade and friendly relations with our neighbors, Canada and Mexico, with whom our own economy is directly and closely tied, I am today introducing legislation to amend the Tariff Schedules of the United States with respect to exemption from duty on tourist goods purchased in border trade areas.

The enactment in 1965 of amendments to the Tariff Schedules, seriously restricting the exemption from duty for returning American tourists has had a detrimental effect on the economy of El Paso and other border communities in my district.

It is estimated that 70 cents of every American dollar spent by our tourists in Ciudad Juarez, sister city of El Paso, Tex., is returned to the economy of the United States through El Paso. Such figures make clear to us in the border communities that the present tariff law discouraging expenditures in foreign cities located directly on our border is harmful to the economy of the American cities also located on this border.

Additionally, expenditures of American dollars just over the border into Mexico do not have the same effect on our balance of payments as expenditures in the interior of neighboring countries or countries abroad, where much less of the American dollar is returned to the United States.

Mexican border cities are greatly dependent for their economic lives on the purchases of American visitors, and the greater restrictions through tariffs imposed in 1965 on these tourists and the resultant economic decline in these Mexican cities have not served our desire for good will and friendly relations with Mexico.

My legislation recognizes the unique circumstances that exist in border areas and seeks to minimize economic repercussions of existing law. My legislation sets up border trade areas 5 miles into the interior of Mexico and Canada. For purchases made in these trade areas the

amount of duty-exempt goods would be increased to \$200 aggregate fair retail value in country of acquisition. In these areas the alcoholic beverage limitation would be returned to its former 1 wine gallon. The returning American tourist would have the option of taking the exemption for the border trade area or the established exemption for the remainder of that country. In all cases he would not have both exemptions. For areas in Mexico and Canada outside the specified trade zones, the limits would remain as under present law—\$100 in aggregate fair retail value in country of acquisition for goods and 1 quart for alcoholic beverages.

I ask the Congress to recognize the special circumstances of our border economies and act favorably on this legislation.

REHABILITATION OF DISTRIBUTION SYSTEM IN THE RED BLUFF PROJECT

Mr. MONTGOMERY. Mr. Speaker, I ask unanimous consent that the gentleman from Texas [Mr. WHITE] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. WHITE. Mr. Speaker, the Pecos River Basin is critically endangered by a water crisis. The water shortage is aggravated by losses of water supplies in the antiquated irrigation system of the Red Bluff project in Texas and threatens the economic existence of those counties in the Texas portion of the basin.

A constructive remedy is available to the Congress that will greatly reduce the loss of precious water in that portion of the Pecos River passing through the Red Bluff Water Power Control District.

I, therefore, ask the Congress to consider early in this session of the 90th Congress the legislation I am introducing today, to provide for the rehabilitation of the distribution system in the Red Bluff project. This bill is a revised and improved proposal from that I sponsored in the 89th Congress on this subject. The work authorized in this legislation will provide a dependable water supply for the irrigation of approximately 22,000 acres and an intermittent water supply for the irrigation of approximately 13,000 additional acres of semiarid lands.

These measures are vital to the economic redevelopment of the counties in the irrigation district—Reeves, Loving, Pecos, and Ward. This area is a large portion of west Texas and an important segment of our Nation.

We must not allow this area to perish from thirst.

Irrigation began in this area of Texas in 1888, and the Red Bluff Dam and Reservoir in Texas were completed in 1936. By the late 1940's 46,000 acres were being irrigated in the Red Bluff project area.

By the mid-1950's the district canals and structures other than the Red Bluff Dam were in poor condition. Sixty percent of the water released from the reservoir never reached the land.

The drought and losses worsened. During 4 years since 1956 it has not been possible for the irrigation district to allocate any water for irrigation because of poor quality of water in storage and high system losses. Ground water supplies have also steadily declined, because of necessary heavy pumping for irrigation.

Sixty-seven percent of this wasted water can be saved. Action has begun to increase the quality and quantity of the precious resources of the Pecos River. The Malaga Bend salinity alleviation project and the salt cedar eradication program on the Pecos River above the Red Bluff area are underway. This effort would be fruitless to Texas irrigators if the recovered water is continued to be lost in a faulty irrigation system.

My legislation provides for replacing existing diversion facilities and main canals of the Red Bluff Water Power Control District. It also provides for construction of a diversion dam on the Pecos River above Mentone, and construction of a 95-mile concrete-lined main canal. A substantial portion of the \$12.8 million cost of construction of these works will be repaid by the water users within 50 years.

The productive future of the agriculture industry and the towns it supports in the Red Bluff area depend on swift enactment of this legislation. This area of our country wishes to contribute to the growth of the national economy and has every right to share in our national progress.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. ASHBROOK (at the request of Mr. DUNCAN), for 15 minutes, today.

Mr. GALLAGHER (at the request of Mr. MONTGOMERY), for 10 minutes, today; to revise and extend his remarks and to include extraneous matter.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks was granted to:

Mr. BOW.

Mr. ST. ONGE.

Mr. ROUSH.

(The following Member (at the request of Mr. DUNCAN) and to include extraneous matter:)

Mr. RUMSFELD.

(The following Members (at the request of Mr. MONTGOMERY) and to include extraneous matter:)

Mr. REUSS.

Mr. CELLER.

Mr. GARMATZ.

ADJOURNMENT

Mr. MONTGOMERY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 17 minutes p.m.), the House adjourned until tomorrow, Thursday, January 12, 1967, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

191. A letter from the Sergeant at Arms, U.S. House of Representatives, transmitting a report exhibiting the several sums drawn, the application and disbursement of the sums and balances, if any, remaining, pursuant to the provisions of 2, U.S.C. 84; to the Committee on House Administration.

192. A letter from the Executive Director, Federal Communications Commission, transmitting a report of backlog of pending applications and hearing cases as of November 30, 1966, pursuant to section 5(e) of the Communications Act as amended; to the Committee on Interstate and Foreign Commerce.

193. A letter from the Under Secretary of Commerce for Transportation, transmitting a report on the highway beautification program, pursuant to the provisions of Public Law 89-285; to the Committee on Public Works.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BOGGS:

H.R. 1975. A bill to amend title II of the Social Security Act so as to remove the limitation upon the amount of outside income which an individual may earn while receiving benefits thereunder; to the Committee on Ways and Means.

By Mr. BROOMFIELD:

H.R. 1976. A bill to reclassify certain positions in the postal field service, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. BURKE of Massachusetts:

H.R. 1977. A bill to amend title V of the Social Security Act so as to extend and improve the Federal-State program of child-welfare services; to the Committee on Ways and Means.

H.R. 1978. A bill to amend the Internal Revenue Code of 1954 to allow teachers to deduct from gross income the expenses incurred in pursuing courses for academic credit and degrees at institutions of higher education and including certain travel; to the Committee on Ways and Means.

By Mr. CONABLE:

H.R. 1979. A bill to amend title II of the Social Security Act to increase the amount of outside earnings permitted each year without deductions from benefits thereunder; to the Committee on Ways and Means.

H.R. 1980. A bill to amend title II of the Social Security Act to provide for cost-of-living increases in the benefits payable thereunder; to the Committee on Ways and Means.

By Mr. CUNNINGHAM:

H.R. 1981. A bill to provide for the issuance of a special postage stamp in commemoration of the 50th anniversary of the founding of Father Flanagan's Boys' Home, Boys Town, Nebr.; to the Committee on Post Office and Civil Service.

By Mr. DENNEY:

H.R. 1982. A bill for the establishment of the Commission on the Organization of the Executive Branch of the Government; to the Committee on Government Operations.

By Mr. DINGELL:

H.R. 1983. A bill to amend title II of the Social Security Act to provide a more liberal definition of the term "disability" for purposes of entitlement to disability insurance benefits and the disability freeze; to the Committee on Ways and Means.

H.R. 1984. A bill to amend titles I, IV, X, XIV, XVI, XVIII, and XIX of the Social Security Act to require that drugs provided by, or under programs receiving Federal

financial assistance pursuant to, such titles must be prescribed and furnished on a non-proprietary or generic basis; to the Committee on Ways and Means.

H.R. 1985. A bill to amend title II of the Social Security Act to provide that a woman who is otherwise qualified may become entitled to wife's insurance benefits or widow's insurance benefits without regard to her age if she is permanently and totally disabled; to the Committee on Ways and Means.

H.R. 1986. A bill to amend title II of the Social Security Act to provide that full benefits (when based upon the attainment of retirement age) will be payable to men at age 60 and to women at age 55; to the Committee on Ways and Means.

H.R. 1987. A bill to amend title II of the Social Security Act to eliminate the age requirements for entitlement to wife's insurance benefits and widow's insurance benefits, and to eliminate the provisions which reduce benefits in certain cases where the recipient becomes entitled thereto before attaining age 65; to the Committee on Ways and Means.

H.R. 1988. A bill to amend title II of the Social Security Act to provide that the benefits payable thereunder shall be exempt from all taxation; to the Committee on Ways and Means.

H.R. 1989. A bill to amend title II of the Social Security Act to provide that an individual may qualify for disability insurance benefits and the disability freeze if he has enough quarters of coverage to be fully insured for old-age benefit purposes, regardless of when such quarters were earned; to the Committee on Ways and Means.

By Mr. ERLÉNBOERN:

H.R. 1990. A bill to amend the act of May 29, 1944, providing annuities for persons who participated in the construction of the Panama Canal, by extending the class to whom annuities may be paid; to the Committee on Merchant Marine and Fisheries.

By Mr. FARBERSTEIN:

H.R. 1991. A bill to amend title II of the Merchant Marine Act, 1936, to create an independent Federal Maritime Administration, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. GARMATZ:

H.R. 1992. A bill to prohibit the introduction, or manufacture for introduction, into interstate commerce of master keys for motor vehicles, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. GRAY:

H.R. 1993. A bill to amend title 38 of the United States Code so as to entitle veterans of World War I and their widows and children to pension on the same basis as veterans of the Spanish-American War and their widows and children, respectively; to the Committee on Veterans' Affairs.

By Mr. HICKS:

H.R. 1994. A bill to amend the Internal Revenue Code of 1954 to increase the investment credit allowable with respect to facilities to control water and air pollution, and to permit the amortization of the cost of constructing such facilities within a period of from 1 to 5 years; to the Committee on Ways and Means.

H.R. 1995. A bill to assist in the promotion of economic stabilization by requiring the disclosure of finance charges in connection with extension of credit; to the Committee on Banking and Currency.

By Mr. HOLLAND:

H.R. 1996. A bill to provide for the establishment of a council to be known as the National Advisory Council on Migratory Labor; to the Committee on Education and Labor.

H.R. 1997. A bill to amend the act of June 6, 1933, as amended, to authorize the Secretary of Labor to develop and maintain improved, voluntary methods of recruiting, training, transporting, and distributing

agricultural workers, and for other purposes; to the Committee on Education and Labor.

H.R. 1998. A bill to amend the Internal Revenue Code of 1954 to encourage the construction of housing facilities for agricultural workers by permitting the amortization over a 60-month period of the cost, or a portion of the cost, of constructing such housing facilities; to the Committee on Ways and Means.

H.R. 1999. A bill to amend the National Labor Relations Act, as amended, so as to make its provisions applicable to agriculture; to the Committee on Education and Labor.

H.R. 2000. A bill to amend the Fair Labor Standards Act of 1938 to extend the child labor provisions thereof to certain children employed in agriculture, and for other purposes; to the Committee on Education and Labor.

By Mr. KORNEGAY:

H.R. 2001. A bill to amend the Public Health Service Act to provide for the establishment of a National Eye Institute in the National Institutes of Health; to the Committee on Interstate and Foreign Commerce.

By Mr. KORNEGAY (by request):

H.R. 2002. A bill to amend title 38 of the United States Code in order to promote the care and treatment of veterans in State veterans' homes; to the Committee on Veterans' Affairs.

By Mr. KORNEGAY:

H.R. 2003. A bill to transfer control of Pershing Hall to the Secretary of State; to the Committee on Veterans' Affairs.

H.R. 2004. A bill to amend the Internal Revenue Code of 1954 to allow teachers to deduct from gross income the expenses incurred in pursuing courses for academic credit and degrees at institutions of higher education and including certain travel; to the Committee on Ways and Means.

H.R. 2005. A bill to exclude from income certain reimbursed moving expenses; to the Committee on Ways and Means.

H.R. 2006. A bill to amend title 38 of the United States Code so as to increase the rates of pension payable to certain veterans and their widows, and for other purposes; to the Committee on Veterans' Affairs.

H.R. 2007. A bill to amend the Internal Revenue Code of 1954 to provide that an individual may deduct amounts paid for his higher education, or for the higher education of any of his dependents; to the Committee on Ways and Means.

H.R. 2008. A bill to amend the Merchant Marine Act, 1920, to prohibit transportation of articles to or from the United States aboard certain foreign vessels, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. OTTINGER:

H.R. 2009. A bill designating Columbus Day as a national legal holiday; to the Committee on the Judiciary.

By Mr. POLANCO-ABREU:

H.R. 2010. A bill to remove the present prohibition against social security coverage for service performed by an individual in the employ of his or her spouse; to the Committee on Ways and Means.

H.R. 2011. A bill to amend title II of the Social Security Act to increase the amount of a widow's insurance benefit from 82½ percent to 100 percent of her deceased husband's primary insurance amount; to the Committee on Ways and Means.

H.R. 2012. A bill to amend title II of the Social Security Act to provide that a woman who is under a disability may (if otherwise qualified) become entitled to widows' insurance benefits without regard to her age; to the Committee on Ways and Means.

H.R. 2013. A bill to provide for the conveyance of certain real property to the Commonwealth of Puerto Rico; to the Committee on Interior and Insular Affairs.

H.R. 2014. A bill to amend the Social Security Act to provide a gradual increase in

the maximum amount of the total payments which may be made to the Commonwealth of Puerto Rico in any fiscal year under the several public assistance programs; to the Committee on Ways and Means.

H.R. 2015. A bill to provide that the social security benefits provided by the Tax Adjustment Act of 1966 for certain uninsured individuals at age 72 shall apply in the case of residents of the Commonwealth of Puerto Rico; to the Committee on Ways and Means.

By Mr. RHODES of Pennsylvania:

H.R. 2016. A bill to amend title II of the Social Security Act to eliminate the reduction in disability insurance benefits which is presently required in the case of an individual receiving workmen's compensation benefits; to the Committee on Ways and Means.

H.R. 2017. A bill to amend title XVIII of the Social Security Act to provide payment for podiatrists' services under the program of supplementary medical insurance benefits for the aged; to the Committee on Ways and Means.

H.R. 2018. A bill to amend the Internal Revenue Code of 1954 to allow teachers to deduct from gross income the expenses incurred in pursuing courses for academic credit and degrees at institutions of higher education and including certain travel; to the Committee on Ways and Means.

By Mr. ROUSH:

H.R. 2019. A bill to amend title 18 of the United States Code to prohibit travel or use of any facility in interstate or foreign commerce with intent to incite a riot or other violent civil disturbance, and for other purposes; to the Committee on the Judiciary.

By Mr. ROYBAL:

H.R. 2020. A bill to amend the Civil Service Retirement Act to extend to employees retired on account of disability prior to October 1, 1956, the minimum annuity base established for those retired after that date; to the Committee on Post Office and Civil Service.

By Mr. RYAN:

H.R. 2021. A bill to amend the Fair Labor Standards Act of 1938 to extend the child labor provisions thereof to certain children employed in agriculture, and for other purposes; to the Committee on Education and Labor.

H.R. 2022. A bill to provide for the establishment of a council to be known as the National Advisory Council on Migratory Labor; to the Committee on Education and Labor.

By Mr. SKUBITZ:

H.R. 2023. A bill to protect the domestic economy, to promote the general welfare, and to assist in the national defense by providing for an adequate supply of lead and zinc for consumption in the United States from domestic and foreign sources, and for other purposes; to the Committee on Ways and Means.

By Mrs. SULLIVAN:

H.R. 2024. A bill to amend section 209 of the Merchant Marine Act, 1936, so as to require future authorization of funds for certain programs of the Maritime Administration; to the Committee on Merchant Marine and Fisheries.

By Mr. WHITE:

H.R. 2025. A bill to amend the tariff schedules to provide an increased exemption from duty for goods purchased in a contiguous country and within 5 miles of the U.S. border; to the Committee on Ways and Means.

H.R. 2026. A bill to authorize the Secretary of the Interior to provide for rehabilitation of the distribution system, Red Bluff project, Texas; to the Committee on Interior and Insular Affairs.

By Mr. ANDERSON of Illinois:

H.R. 2027. A bill to protect the domestic economy, to promote the general welfare,

and to assist in the national defense by providing for an adequate supply of lead and zinc for consumption in the United States from domestic and foreign sources, and for other purposes; to the Committee on Ways and Means.

By Mr. DE LA GARZA:

H.J. Res. 118. Joint resolution proposing an amendment to the Constitution of the United States relating to the right of citizens of the United States 18 years of age or older to vote; to the Committee on the Judiciary.

By Mr. FALLON:

H.J. Res. 119. Joint resolution proposing an amendment to the Constitution of the United States relative to equal rights for men and women; to the Committee on the Judiciary.

By Mr. KORNEGAY:

H.J. Res. 120. Joint resolution to authorize and direct the Secretary of Agriculture to conduct research into the quality and health factors of tobacco and other ingredients and materials used in the manufacture of tobacco products; to the Committee on Agriculture.

H.J. Res. 121. Joint resolution amending title 18 of the United States Code in order to protect the morale and efficiency of members of the Armed Forces by prohibiting the making of certain threatening and abusive communications to members of such forces or their families, and for other purposes; to the Committee on the Judiciary.

By Mr. HALL:

H. Con. Res. 50. Concurrent resolution expressing the sense of the Congress with respect to the indebtedness of the Republic of France to the United States; to the Committee on Ways and Means.

By Mr. COHELAN:

H. Res. 108. Resolution to amend the Rules of the House of Representatives to transfer the responsibilities of the Committee on Un-American Activities to the Committee on the Judiciary; to the Committee on Rules.

By Mr. DAWSON:

H. Res. 109. Resolution providing for the expenses of conducting studies and investigations authorized by rule XI(8) incurred by the Committee on Government Operations; to the Committee on House Administration.

H. Res. 110. Resolution to amend the Rules of the House of Representatives with respect to the location of activities of the Committee on Government Operations; to the Committee on Rules.

By Mr. DINGELL:

H. Res. 111. Resolution creating a Select Committee To Conduct an Investigation and Study of the Aged and Aging; to the Committee on Rules.

By Mr. FRIEDEL:

H. Res. 112. Resolution continuing the provisions of House Resolution 1029 of the 89th Congress; to the Committee on House Administration.

H. Res. 113. Resolution authorizing payment of compensation for certain committee employees; to the Committee on House Administration.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BRASCO:

H.R. 2028. A bill for the relief of Andrea DiStefano; to the Committee on the Judiciary.

H.R. 2029. A bill for the relief of Giovanni Di Maggio; to the Committee on the Judiciary.

H.R. 2030. A bill for the relief of Mrs. Myrtle Weir Prince; to the Committee on the Judiciary.

By Mr. BROWN of California:

H.R. 2031. A bill for the relief of Jai Duck Yoo; to the Committee on the Judiciary.

H.R. 2032. A bill for the relief of Nicolasa Alarcia v. de Espinosa; to the Committee on the Judiciary.

H.R. 2033. A bill for the relief of Marilyn Judith Grove; to the Committee on the Judiciary.

H.R. 2034. A bill for the relief of Mrs. Dorothy E. Kelley; to the Committee on the Judiciary.

H.R. 2035. A bill for the relief of Shahen H. Minassian and Alice M. Minassian; to the Committee on the Judiciary.

H.R. 2036. A bill for the relief of Carlos Rogelio Flores-Vasquez; to the Committee on the Judiciary.

H.R. 2037. A bill for the relief of Shoushan Sarkissian; to the Committee on the Judiciary.

H.R. 2038. A bill for the relief of Claudio Leal Gallegos; to the Committee on the Judiciary.

H.R. 2039. A bill for the relief of Zenon Hernandez Betanzos; to the Committee on the Judiciary.

H.R. 2040. A bill for the relief of Paz Ragsag; to the Committee on the Judiciary.

By Mr. FRASER:

H.R. 2041. A bill for the relief of Bernardo Giraldo; to the Committee on the Judiciary.

By Mr. GRAY:

H.R. 2042. A bill for the relief of Mirko Gros; to the Committee on the Judiciary.

H.R. 2043. A bill for the relief of Anthi Saridakis; to the Committee on the Judiciary.

By Mr. SMITH of New York:

H.R. 2044. A bill for the relief of Crescenzo Paolillo; to the Committee on the Judiciary.

H.R. 2045. A bill for the relief of Dr. Yung Ching Chu; to the Committee on the Judiciary.

H.R. 2046. A bill for the relief of Enrico DeMonte; to the Committee on the Judiciary.

H.R. 2047. A bill for the relief of Pietro Giuseppe Serini; to the Committee on the Judiciary.

By Mr. BLATNIK:

H.R. 2048. A bill for the relief of William John Masterton, George Samuel Konik, and Louis Vincent Nanne; to the Committee on the Judiciary.

SENATE

WEDNESDAY, JANUARY 11, 1967

The Senate met at 12 o'clock meridian, and was called to order by the Vice President.

The Chaplain, Rev. Frederick Brown Harris, D.D., offered the following prayer:

Lord and Master of us all whate'er our name or sign—new every morning is the love our waking and uprising prove.

Thou hast made and preserved us a nation; our fathers trusted in Thee and were not confounded—in Thee we trust!

Thou hast taught us to love truth, and goodness, and beauty.

Lift us above the mud and scum of mere things to the holiness of Thy beauty so that the common tasks, and the trivial round may be edged with crimson and gold.

Strengthen us to give the best that is in us against the wrong that needs resistance, for the right that needs assistance, and for the future in the distance—and the good that we may do.

We ask it in the name of the One whose light is the life of men. Amen.